2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year
Ended June 30, 2024

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
A Component Unit of the City of Los Angeles, California

LACERS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
June 30, 2024

Issued by

NEIL M. GUGLIELMO
General Manager

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
A Component Unit of the City of Los Angeles, California

977 North Broadway, Los Angeles, CA 90012-1728 www.lacers.org

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Introduction

LACERS

December 12, 2024

LA CITY EMPLOYEES' RETIREMENT SYSTEM

P.O. Box 512218
Los Angeles, CA
90051-0218

(800) 779-8328
RTT: (888) 349-3996

www.LACERS.org
lacers.services@lacers.org

LETTER OF TRANSMITTAL

To the Board of Administration and Members of the Los Angeles City Employees' Retirement System:

We are pleased to present the Los Angeles City Employees' Retirement System (LACERS, or the System) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024, the System's 87th year of operation. This report is intended to provide a comprehensive review of our financial condition at conclusion of the fiscal year including the System's audited financial statements, investment performance results, and actuarial valuations for retirement and health benefit plans.

LACERS History, Participants, and Services

In 1937, the Los Angeles City Charter established LACERS as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles (the City), a defined benefit retirement plan inclusive of service retirements, disability retirements, and survivor benefits. In 1999, LACERS began administering the retiree health insurance program. All regular, full-time, and certified part-time City employees are eligible for LACERS benefits except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Today, over 26,000 Active Members and more than 22,000 Retired Members and beneficiaries count on LACERS to provide a lifetime of retirement benefits.

Governance

Board of Administration

The LACERS Board of Administration (Board), consists of four Commissioners appointed by the Mayor and three Commissioners elected by the Members. Commissioner Annie Chao was re-elected by the active LACERS Members in 2024 to a 5-year term ending June 30, 2029. Commissioner Chao was re-elected by the Board to serve as the Board's President in July 2024. In 2024, Commissioner Janna Sidley was reappointed to the Board to a 5-year term ending June 30, 2029. In July 2024, the Board elected Commissioner Sidley to serve as the Board's Vice President.

The Board sets general policy and adopts rules and regulations necessary to operate LACERS. Among other duties, the Board directs investment strategy and policy for the System's assets, determines the health insurance carriers and health subsidy levels for retired employees, and approves Members' retirement applications, including applications for disability retirements.

The Board conducts a triennial policy review which has been undertaken in 2024 and continues into 2025. Each policy is systematically reviewed, updated and validated as a best practice to ensure the relevancy and accuracy of Board policies. Coincidingly, the Board also engaged in a strategic planning process in 2024 to set the course of LACERS for the next several years.

Strategic Plan

LACERS' mission is *to provide retirement and healthcare benefits to all Members by securing and growing the trust fund*. To help achieve this, LACERS adopted a new Strategic Plan in 2024 focused on the following seven goals:

1. Provide Outstanding Customer Service that meets Members' needs
2. Deliver Accurate and Timely Member Benefits
3. Improve Value and Minimize Costs of Members' Health and Wellness Benefits
4. Optimize Long-Term Risk Adjusted returns through superior investments
5. Uphold Good Governance Practices which Affirm Transparency, Accountability, and Fiduciary Duty
6. Increase Organizational Effectiveness, Efficiency, and Resiliency
7. Recruit, Retain, Mentor, Empower, and Promote a High-Performing Workforce

Customer Service

LACERS is committed to providing outstanding customer service that meets the needs of our Members. To achieve this, we will identify and implement department-wide service standards tailored to effectively address Member needs. By expanding communication channels, we aim to make retirement planning resources more accessible, ensuring that Members can obtain essential information with ease. Additionally, we will evaluate and enhance Member experience flows and process maps, ensuring seamless interactions and satisfaction at every touchpoint.

Benefits Delivery

Delivering accurate and timely benefits is a cornerstone of our mission. We will invest in and develop internal knowledge resources to strengthen our expertise in benefits delivery. Leveraging efficient technology solutions will allow us to streamline operations and improve service efficiency. Furthermore, we are committed to adopting benefit delivery standards and metrics that exceed industry benchmarks, ensuring Members receive their benefits promptly and accurately.

Health & Wellness

Improving the value of health and wellness benefits while minimizing costs for our Members is a key strategic focus. By ensuring healthcare benefits remain well-utilized and affordable, we can effectively address Member needs. We also aim to increase accessibility to wellness offerings, enabling Members to take proactive steps in maintaining their health. To enhance administrative processes, we will explore advanced health administration technologies, streamlining the experience for all stakeholders.

Investments

Optimizing long-term, risk-adjusted returns through superior investments is vital to securing our Members' financial futures. We will strive to outperform benchmarks and peer comparisons by utilizing a blend of active and passive investment managers. This approach will be complemented by rigorous cost-effectiveness assessments, comprehensive risk management policies, and enhanced investment governance processes. Together, these efforts will ensure the resilience and growth of our investment portfolio.

Governance

Good governance practices are fundamental to maintaining transparency, accountability, and fiduciary responsibility. We will establish a comprehensive compliance program to uphold our organizational standards and values. Enhancing policies for information privacy and security oversight will further protect Member data and organizational integrity. Additionally, we will refine and expand Board education initiatives to ensure informed decision-making at all levels.

Organization

Increasing organizational effectiveness, efficiency, and resiliency is essential for long-term success. To achieve this, we will strengthen information security measures and standardize our enterprise-wide compliance framework. Enhanced risk management practices will help mitigate potential challenges, while the alignment of organizational resources and performance management will drive efficiency. By embracing technology, we aim to create operational efficiencies that support sustainable growth.

Workforce

Our success depends on recruiting, retaining, mentoring, and empowering a high-performing workforce. We will encourage continuing education opportunities and foster a safe, harassment-free workplace environment. Career path training programs will support staff development, both for permanent and as-needed personnel. Additionally, promoting our organizational culture in a hybrid work environment and maximizing workforce effectiveness through strategic recruitment will ensure we meet our goals with a motivated and capable team.

Funding Status and Progress

Actuarial assumptions are used in the actuarial valuation process for measuring the liabilities of the plan and the contribution requirements of the plan sponsor. While the City Charter requires that an actuarial experience study be completed every five years, the typical timeframe between experience studies for LACERS has been three years. LACERS' last experience study for the period of July 1, 2019 to June 30, 2022, was completed in 2023 with the Board adopting assumption changes as recommended by the Plan actuary. The next actuarial experience study will be conducted in 2026 for the period of July 1, 2022 to June 30, 2025.

Annual actuarial valuations are performed by LACERS' consulting actuary to determine the actuarial accrued liability arisen from the benefits promised by the City, among other things. Such liability is expected to be met by LACERS' assets accumulated through City contributions, Member contributions, and investment returns. The funding status, commonly expressed by the term "funded ratio," is calculated by dividing the plan assets, based either on actuarial (smoothed) value or fair value, by the actuarial accrued liabilities. The funded ratio is a snapshot of the relative status of LACERS' assets and liabilities at the end of each reporting year. Determined annually in the actuarial valuation, it reflects changes that affect the assets and liabilities during the reporting year due to investment performance, change in demographics, assumptions, benefit terms, and other factors. Funded ratios are useful when they are looked at over several years to determine trends, and should be viewed in light of the economic situation at each time point. If the ratio is less than 100%, indicating an underfunding condition, then the underfunded portion is paid for by the City systematically over a period no longer than 20 years pursuant to LACERS' funding policy, which targets a funding status of 100% in the long run.

In the June 30, 2024 actuarial valuation, the combined funded ratio, based on the valuation value of assets, for the Retirement Plan and the Postemployment Health Care Plan increased by 0.4% year-over-year to 77.5%. Individually, the funded ratio, on the same actuarial basis, for the Retirement Plan slightly increased from 73.1% to 73.4%; and for the Postemployment Health Care Plan, the ratio increased from 107.1% to 108.0%. There is a slight increase in the funded ratio despite an increase in the Unfunded Actuarial Accrued Liabilities (UAAL) by 3.5%. The change in UAAL for Retirement Benefits is primarily as a result of less than expected investment return (after asset smoothing) and higher than expected cost of living adjustments for active Members, while the UAAL for Health Benefits decreased primarily due to lower than expected premiums. The investment experience represented a System loss as the actuarial value return for all plans combined for June 30, 2024 was 6.71%, lower than the assumed rate of return of 7.00%.

Investment Summary

The System established its investment policies in accordance with Section 1106 of the Charter of the City of Los Angeles for the systematic administration of LACERS. The investment policies are designed to achieve the best risk-adjusted investment returns. The System's assets are managed on a total return basis in compliance with the investment policies to produce a total portfolio, long-term, real (above inflation), positive return above the asset allocation policy benchmark on a net-of-fee basis. Consequently, prudent risk-taking is warranted within the context of overall portfolio diversification. The Board implements its risk management policy by monitoring the portfolio's compliance through the adoption of investment policies, guidelines, and procedures for determining the strategic management of investment risk, while allowing sufficient flexibility in capturing investment opportunities, as they may occur, and establishing reasonable risk parameters to ensure prudence and care in the management of the System's assets.

The portfolio consists of investments in U.S. and non-U.S. equities, fixed income, private equity, private real estate, private credit, public real assets, and short-term investments. The System's total portfolio, including cash and investments at fair value, was valued at $23.02 billion as of June 30, 2024, an increase of $1.50 billion (6.9%) compared to the prior fiscal year. The portfolio posted a gross of fees return of 8.86% over a one-year period. The total fund underperformed its policy benchmark by 0.60% gross of fees return.

The Board adopted interim asset allocation policy targets on July 12, 2022, to transition the portfolio to the long-term strategic asset allocation policy targets adopted by the Board in 2021. This transition to the new policy targets was projected to be completed before the end of calendar year 2025. However, the Board is considering adjustments to the asset allocation policy in the second half of calendar year 2024, which may result in possible revisions to the current interim asset allocation policy targets. Following the asset allocation decision, the Board will consider a new asset allocation policy implementation plan in the first half of calendar year 2025.

The annualized investment returns in detail are presented in the Investment Results on page 80 of the Investment Section. The details of investment income and loss can be found on pages 25-26 of the Financial Section. Other investment-related information is summarized in the Investment Section of this report.

Financial Reporting

The financial statements included within this report are the responsibility of LACERS' management and have been prepared in accordance with generally accepted accounting principles in the United States of America (US GAAP) as promulgated or adopted by the

Governmental Accounting Standards Board (GASB). A system of internal controls is designed, implemented, and maintained by management, as a means to protect System assets, and to assure the integrity of LACERS' financial statements. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements. Management is confident that its system of internal control, with oversight from LACERS Audit Committee, in tandem with internal audit staff, as well as the annual engagement of an independent external auditing firm to render an opinion on LACERS' financial statements, provide the requisite level of due diligence expected from a governmental pension system. This position is supported by our external auditor, Moss Adams LLP, which has audited and expressed an unmodified opinion that LACERS' basic financial statements are free of material misstatement, presented fairly, and in conformity with US GAAP.

Readers of this ACFR are encouraged to review the Management's Discussion and Analysis Section starting on page 20, which provides narrative analysis and highlights of our financial condition and fiscal operations during the reporting period.

Awards and Acknowledgements

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to LACERS for its ACFR for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this report for the fiscal year ended June 30, 2024, will again meet the requirements of the Certificate of Achievement Program and we are submitting it to the GFOA for consideration of an annual award.

PPCC Standards Award

The Public Pension Coordinating Council presented its Public Pension Standards Award For Funding and Administration to LACERS in recognition of compliance with professional standards for plan funding and administration for the fiscal year ended June 30, 2024. To receive this honor, LACERS was assessed to have met the standards in six key areas: Comprehensive Benefit Program, Actuarial Valuation, Independent Audit, Investments, Member Communications, and Funding Adequacy.

Acknowledgements

Lastly, I would like to acknowledge the professional and dedicated staff of the Fiscal Management Division of LACERS for the preparation of this report. I would also like to express appreciation for the leadership and commitment of the LACERS Commissioners, as well as all of LACERS' staff, as we continue to achieve high standards of performance and reporting. Lastly, I would also like to thank our external auditor, Moss Adams, and our consulting actuary, Segal, for their professional assistance in the preparation of this report.

Respectfully Submitted,

Neil M. Guglielmo

NEIL M. GUGLIELMO, General Manager
Los Angeles City Employees' Retirement System

JO ANN PERALTA, Chief Accountant
Los Angeles City Employees' Retirement System

Board of Administration
For the Fiscal Year Ended June 30, 2024

Annie Chao
Board President
Elected by Active Members
Term Expires June 30, 2029

Sung Won Sohn
Board Vice President
Appointed by the Mayor
Term Expires June 30, 2026

Thuy Huynh
Member
Appointed by the Mayor
Term Expires June 30, 2027

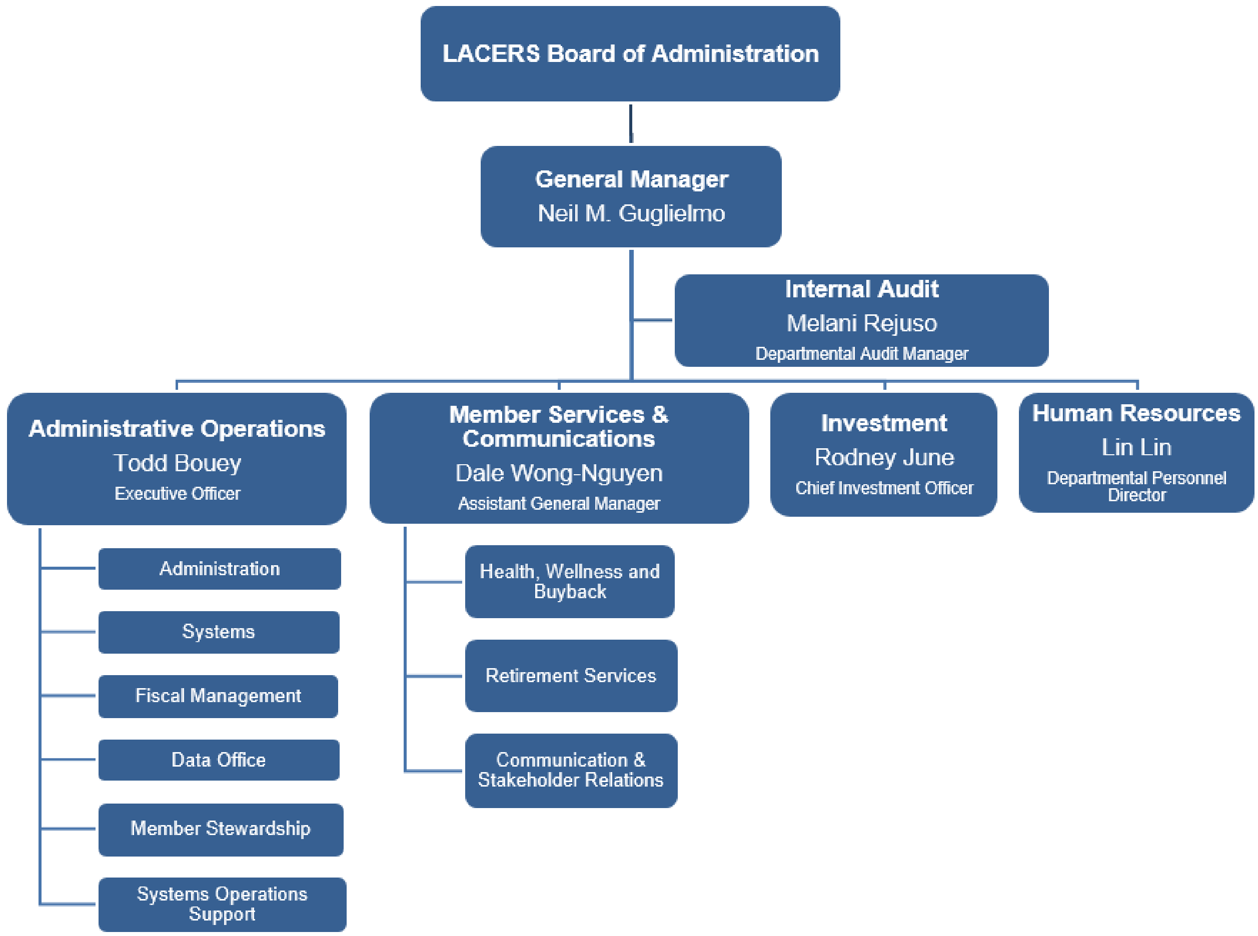
Elizabeth Lee
Member
Elected by Active Members
Term Expires June 30, 2028

Gaylord "Rusty" Roten
Member
Appointed by the Mayor
Term Expires June 30, 2025

Janna Sidley
Member
Appointed by the Mayor
Term Expires June 30, 2029

Michael Wilkinson
Member
Elected by Retired Members
Term Expires June 30, 2025

Organization Chart
As of June 30, 2024



Professional Consultants

Actuary
Segal

Independent Auditor
Moss Adams LLP

Investment Consultants
Aksia, LLC
NEPC, LLC

Governance Consultant
Cortex Consulting, Inc.
Ernst & Young US, LLP
Institutional Shareholder Sevices, Inc.

Health & Welfare Consultant
Keenan & Associates

Legal/Fiduciary Counsel
Best Best & Kreiger, LLP
Danning, Gill, Israel & Krasnoff, LLP
Ice Miller, LLP
Kutak Rock, LLP
Nossaman, LLP
Olson Remcho, LLP
Wellington Gregory, LLP

Pension Administration System
Levi, Ray & Shoup, Inc.

Schedules of Fees and Commissions, Schedule of Investment Summary and List of Investment Advisors, Custodian and Other Consultants who provided services to LACERS, can be found in the Investment Section on pages 86-90.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles City Employees' Retirement System
California

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill
Executive Director/CEO

AWARDED 25 CONSECUTIVE YEARS SINCE 1999

PPCC

Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2024

Presented to

Los Angeles City Employees' Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

AWARDED CONSECUTIVELY SINCE 2013

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Financial

MOSSADAMS

Report of Independent Auditors

The Board of Administration
Los Angeles City Employees' Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the retirement plan and the postemployment health care plan of Los Angeles City Employees' Retirement System (LACERS), a component unit of the City of Los Angeles, California, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the LACERS' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective of the fiduciary net position of the retirement plan and the postemployment health care plan of Los Angeles City Employees' Retirement System as of June 30, 2024, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LACERS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of LACERS present the fiduciary net position and changes in fiduciary net position of the City of Los Angeles, California, that are attributable to the transactions of LACERS. The financial statements do not present fairly the financial position of the City of Los Angeles, California, as of June 30, 2024, the changes in its financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LACERS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis; the retirement plan's schedule of net pension liability, schedule of changes in net pension liability and related ratios, schedule of contribution history, and schedule of investment returns; and the postemployment health care plan's schedule of net OPEB liability, schedule of changes in net OPEB liability and related ratios, schedule of contribution history, and schedule of investment returns (collectively, the required supplementary information) be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Los Angeles City Employees' Retirement System's basic financial statements. The schedule of additions and deductions to fiduciary net position – postemployment health care plan, schedule of administrative expenses, and schedule of investment fees and expenses (collectively, the supplemental schedules) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of LACERS. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited LACER's 2023 financial statements, and we expressed unmodified opinions on the retirement plan and the postemployment health care plan in our report dated December 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

El Segundo, California
December 12, 2024

As management of the Los Angeles City Employees' Retirement System (LACERS), we are pleased to provide this overview and analysis of the financial activities of LACERS for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal in the Introductory Section of LACERS Annual Comprehensive Financial Report.

Financial Highlights

- The Los Angeles City Employees' Retirement System (LACERS or the System) fiduciary net position as of June 30, 2024, was $23,041,225,000, an increase of $1,451,960,000 or 6.7% year-over-year.

- The total additions to the fiduciary net position of LACERS from employer contributions made by the City of Los Angeles (the City), Member contributions, self-funded insurance premium, Members' portion of premium reserve, building lease and other income, and net investment income were $2,936,674,000, a 14.3% increase from the prior fiscal year.

- The employer contributions to the Retirement Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by the Governmental Accounting Standards Board (GASB) Statements No. 67*, Financial Reporting for Pension Plans,* and No. 68, *Accounting and Financial Reporting for Pensions.*

- The employer contributions to the Postemployment Health Care Plan represented 100% of the Actuarially Determined Contribution of the employer as defined by GASB Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans,* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

- The total deductions from the fiduciary net position were $1,484,714,000, a 3.6% increase year-over-year, for the payment of retirement and postemployment health care benefits, refunds of Member contributions, and administrative expenses.

- The System's Net Pension Liability (NPL) for the Retirement Plan was $7,348,481,000 as of June 30, 2024. NPL, a measure required by GASB Statement No. 67 to disclose in the financial notes of a pension plan, is the difference between the Total Pension Liability (TPL) and the plan fiduciary net position. As the plan fiduciary net position is equal to the fair value of the plan's assets, NPL is determined on a fair value basis. Compared with the previous fiscal year, the NPL increased by $2,237,000.

- The System's Net Other Postemployment Benefits (OPEB) Liability (Asset) for the Postemployment Health Care Plan was ($226,017,000) as of June 30, 2024. Net OPEB Liability is a measure required by GASB Statement No. 74. Net OPEB Liability is determined on a fair value basis and is the difference between the Total OPEB Liability (TOL) and the plan fiduciary net position. As of June 30, 2024, the plan fiduciary net position exceeded the TOL resulting in a surplus or Net OPEB Asset. Compared with the previous fiscal year, the Net OPEB Liability decreased by $90,719,000.

- The plan fiduciary net position as a percentage of TPL for the Retirement Plan, another required disclosure of GASB Statement No. 67, was 72.3%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the retirement benefits.

- The plan fiduciary net position as a percentage of TOL for the Postemployment Health Care Plan, another required disclosure of GASB Statement No. 74, was 106.3%, which is the same as the funded ratio on a fair value basis reported in the actuarial valuation for the postemployment health care benefits.

Overview of the Financial Statements

The following discussion and analysis are intended to serve as an introduction to LACERS financial statements and the accompanying notes thereto. The required supplementary information and supplemental schedules provide additional financial data on LACERS operations.

Financial Statements

There are two financial statements presented by LACERS. The Statement of Fiduciary Net Position on page 28 gives a snapshot of the account balances at year-end and shows the amount of the fiduciary net position (the difference between the assets plus deferred outflows of resources, and liabilities plus deferred inflows of resources) available to pay future benefits. Over time, increases or decreases in fiduciary net position may serve as a useful indicator of whether the fiduciary net position of LACERS is improving or deteriorating. The Statement of Changes in Fiduciary Net Position on page 29 provides a view of current year additions to, and deductions from, the fiduciary net position.

Notes to the Basic Financial Statements

The notes to the basic financial statements (Notes) provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 30 – 59 of this report.

Required Supplementary Information

In addition to the Management's Discussion and Analysis, other required supplementary information consists of the Schedule of Net Pension Liability, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Retirement Plan, and the Schedule of Net OPEB (Asset) Liability, Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios, Schedule of Contribution History, and Schedule of Investment Returns (Losses) for the Postemployment Health Care Plan. These schedules and notes primarily present multi-year information as required by the applicable financial reporting standards of GASB Statements No. 67 and No. 74. This required supplementary information can be found on pages 60 - 71 of this report.

Supplemental Schedules

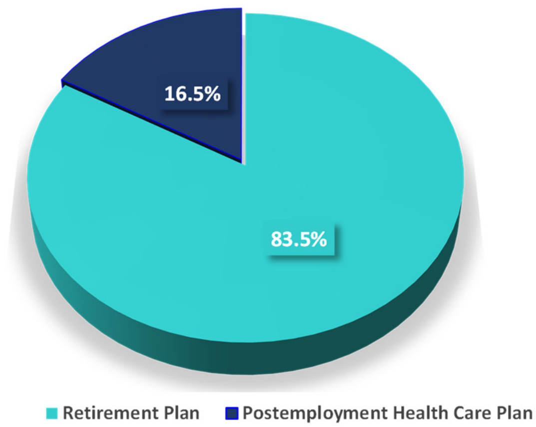
The supplemental schedules, including a Schedule of Additions and Deductions to Fiduciary Net Position for Postemployment Health Care Plan, Schedule of Administrative Expenses, and a Schedule of Investment Fees and Expenses, are presented to provide additional financial information on LACERS operations for the current year. These can be found on pages 72 - 74 of this report.

Financial Analysis

Allocation of Fiduciary Net Position

Fiduciary net position may serve as a useful indicator of a plan's financial position. The total fiduciary net position is allocated between the Retirement Plan and Postemployment Health Care Plan, as required by the existing reporting standards. The following information provides a brief description of the asset allocation between the Retirement Plan and the Postemployment Health Care Plan as of June 30, 2024 (dollars in thousands):

	Fiduciary Net Position	Percent
Retirement Plan	$ 19,245,060	83.5%
Postemployment Health Care Plan	3,796,165	16.5%
Fiduciary Net Position	$ 23,041,225	100.0%

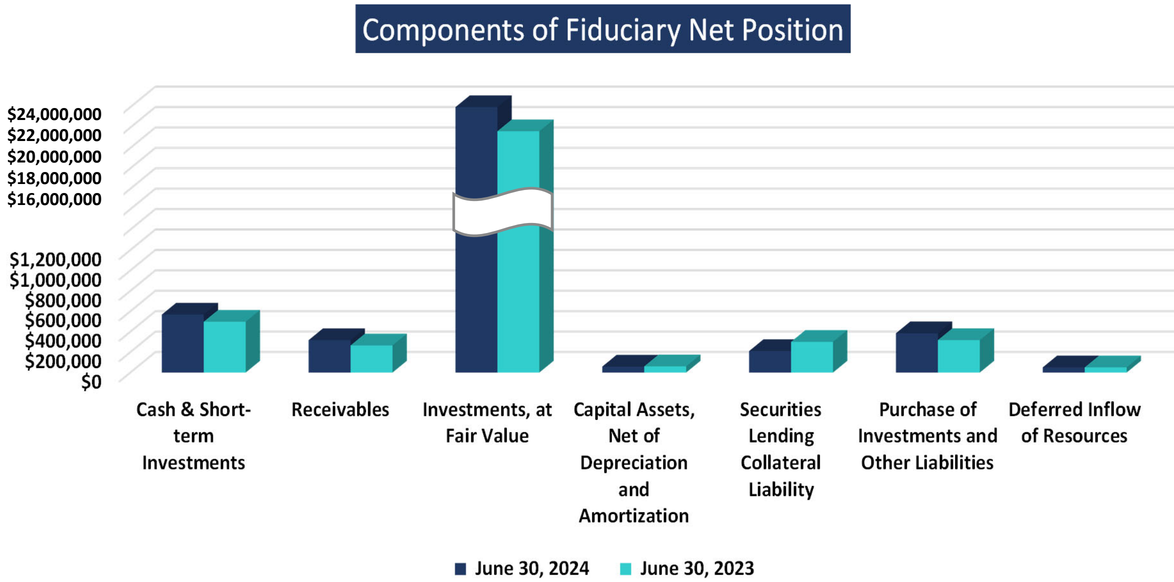


Fiduciary Net Position

The following table and graph detail the components of the fiduciary net position of LACERS as of June 30, 2024, and 2023 (dollars in thousands):

	June 30, 2024	June 30, 2023	Change	
Cash and Short-Term Investments	$ 537,531	$ 427,788	$ 109,743	25.7%
Receivables	227,351	195,865	31,486	16.1%
Investments, at Fair Value	22,674,039	21,363,996	1,310,043	6.1%
Capital Assets, Net of Depreciation and Amortization	58,342	60,727	(2,385)	(3.9%)
Total Assets	23,497,263	22,048,376	1,448,887	6.6%
Securities Lending Collateral Liability	160,397	210,806	(50,409)	(23.9%)
Purchase of Investments and Other Liabilities	294,918	247,544	47,374	19.1%
Total Liabilities	455,315	458,350	(3,035)	(0.7%)
Deferred Inflow of Resources	723	761	(38)	(5.0%)
Fiduciary Net Position Restricted for Pension Benefits and Postemployment Health Care Benefis	$ 23,041,225	$ 21,589,265	$ 1,451,960	6.7%

Fiduciary Net Position *(continued)*



The majority of LACERS fiduciary net position is contained in its investment portfolio, which consists of cash and short-term investments, receivables, fixed income, equities, real estate, private equity, and other asset classes. Fiduciary net position increased by $1,451,960,000 or 6.7% during this fiscal year.

Net Increase in Fiduciary Net Position

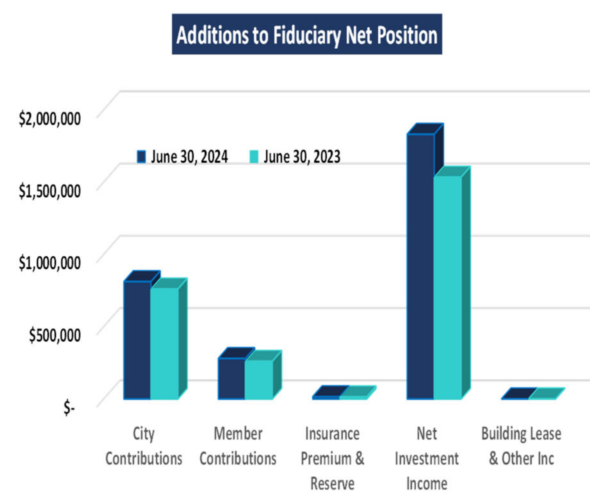
The increase in fiduciary net position was the net effect of factors that either added to or deducted from the fiduciary net position. The following table summarizes the changes in fiduciary net position during the report year, as compared with the prior year (dollars in thousands):

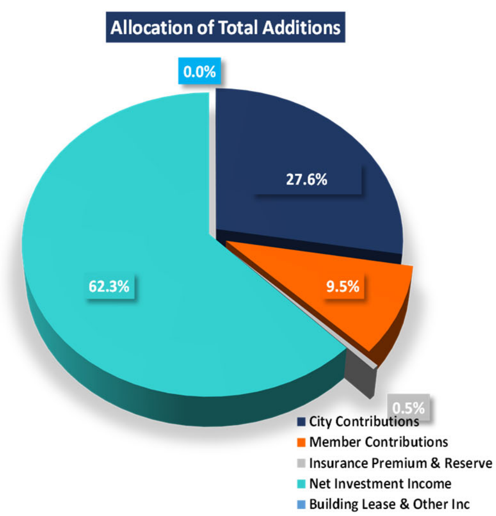
	June 30, 2024	June 30, 2023	Change	
Additions	$ 2,936,674	$ 2,568,327	$ 368,347	14.3%
Deductions	1,484,714	1,433,166	51,548	3.6%
Net Increase in Fiduciary Net Position	1,451,960	1,135,161	316,799	27.9%
Fiduciary Net Position				
Beginning of Year	21,589,265	20,454,104	1,135,161	5.5%
End of Year	$ 23,041,225	$ 21,589,265	$ 1,451,960	6.7%

Net Increase in Fiduciary Net Position – Additions to Fiduciary Net Position

The following table and graph represent the components that make up the additions to fiduciary net position for LACERS for the fiscal years ended June 30, 2024 and 2023 (dollars in thousands):

	June 30, 2024	June 30, 2023	Change	
City Contributions	$ 811,483	$ 760,019	$ 51,464	6.8%
Member Contributions	279,636	259,977	19,659	7.6%
Health Insurance Premium and Reserve	15,059	14,232	827	5.8%
Net Investment Income	1,830,454	1,533,998	296,456	19.3%
Building Lease & Other Income	42	101	(59)	(58.4%)
Additions to Fiduciary Net Position	$ 2,936,674	$ 2,568,327	$ 368,347	14.3%





The additions to LACERS fiduciary net position that primarily constitute the funding sources of LACERS benefits are City Contributions, Member Contributions, Health Insurance Premium and Reserve, and Net Investment Income.

City contributions to the Retirement Plan, the Postemployment Health Care Plan, and the Family Death Benefit Plan were $811,483,000 during the fiscal year. The total contributions increased by $51,464,000 or 6.8% higher than the prior fiscal year, mainly due to the higher covered payroll (approximately 6.6% increase) and slight increase in contribution rates for the reporting year. The total City contributions include a $82,920,000 true-up credit adjustment, a reduction from the City's contribution payment, to reconcile the difference of the City's contributions based on projected payroll against actual payroll. This true-up amount, which includes accrued interest at 7.00%, was recognized as liability, as of the end of the reporting period. After reflecting the true-up adjustment, the aggregate employer contribution rate for this fiscal year was 32.98% (29.03% for the Retirement Plan and 3.95% for the Postemployment Health Care Plan), which is 0.04% higher than the prior fiscal year at 32.94%. The actual contribution of $714,338,000 to the Retirement Plan was equal to 100% of the Actuarially Determined Contribution (ADC) of the employer, as defined by GASB Statement No. 67. Actual contribution of $97,094,000 to the Postemployment Health Care Plan was equal to 100% of the ADC, as defined by GASB Statement No. 74.

Net Increase in Fiduciary Net Position – Additions to Fiduciary Net Position *(continued)*

In fiscal year 2023-24, Member contributions were $279,636,000, which was $19,659,000 or 7.6% higher than the prior fiscal year. The increase in Member contributions was primarily due to the increased number of Members and increase salary base during the fiscal year.

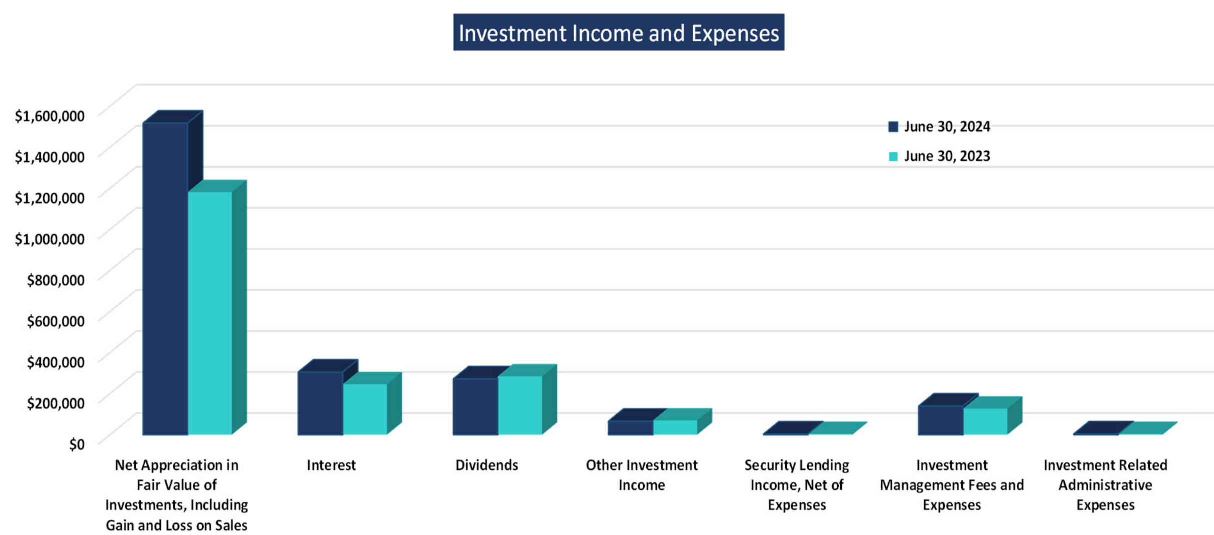
LACERS Postemployment Health Care 115 Trust fund recognized revenue of $12,934,000 representing monthly insurance premiums under the Delta Dental PPO and Anthem Vision self-funded plans and $2,125,000 of Member's portion from health insurance premium reserve.

The net investment income was $1,830,454,000, which included $1,447,773,000 of net appreciation in the fair value of investments. The details are discussed in the next section.

Investment Income

The following table and graph provide details for investment income, net of investment management fees, and expenses for the fiscal years ended June 30, 2024, and 2023 (dollars in thousands).

	June 30, 2024	June 30, 2023	Change	
Net Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	$ 1,447,773	$ 1,181,447	$ 266,326	22.5%
Interest	245,293	185,777	59,516	32.0%
Dividends	211,842	224,315	(12,473)	(5.6%)
Other Investment Income	65,729	69,508	(3,779)	(5.4%)
Securities Lending Income, Net of Expense	3,286	3,727	(441)	(11.8%)
Sub-Total	1,973,923	1,664,774	309,149	18.6%
Less: Investment Management Fees and Expenses	(139,675)	(127,066)	(12,609)	9.9%
Investment Related Administrative Expenses	(3,794)	(3,710)	(84)	2.3%
Net Investment Income	$ 1,830,454	$ 1,533,998	$ 296,456	19.3%



Investment Income *(continued)*

The net investment income for the current fiscal year was $1,830,454,000, as compared with the income of $1,533,998,000 for the previous fiscal year. This increase was due primarily to a net appreciation in the fair value of investments of $1,447,773,000, compared to the previous fiscal year's increase of $1,181,447,000. This increase in the fair value of investments is attributed to major U.S. and non-U.S. equity indices providing double-digit returns during the fiscal year. The Russell 3000 Index, which tracks U.S. broad market equities, returned 23.1%; the Standard and Poor's 500 Index, a gauge of U.S. large capitalization equities, returned 24.6%. The MSCI All Country World ex-U.S. Index, which tracks non-U.S. equities in developed and emerging markets, returned 11.6%; MSCI Emerging Markets Index returned 12.6%. Fixed income markets, as represented by the Bloomberg U.S. Aggregate Bond Index, returned 2.6%.

Interest income derived from fixed income securities increased by 32.0% or $59,516,000 and was attributed primarily to an increase in the average coupon rate of LACERS fixed income portfolio. Dividend income derived from public equities decreased by 5.6% or $12,473,000 as public companies reassessed dividend payouts in favor of reinvesting back into internal growth prospects.

Other investment income, primarily derived from private equity and private real estate partnership investments, decreased by 5.4% or $3,779,000 as private market managers took a more cautious approach on exit opportunities.

LACERS earns additional investment income by lending its securities to borrowers through its custodian bank. To earn income for LACERS, the custodian bank invests cash collateral pledged by borrowers on behalf of LACERS in short-term fixed income securities. LACERS also generates income from fees paid by borrowers that pledge non-cash collateral. In the current fiscal year, securities lending income (net of expense) decreased by 11.8% or $441,000 from a year ago.

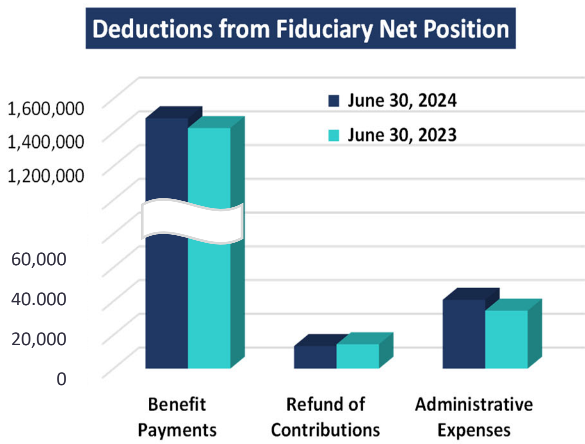
Total investment management fees, expenses, and investment related administrative expenses increased by 9.7% or $12,693,000, from the prior year. This increase corresponded with an increase in LACERS' exposure to private market strategies, which is consistent with LACERS' current target asset allocation and strategic plan to increase returns.

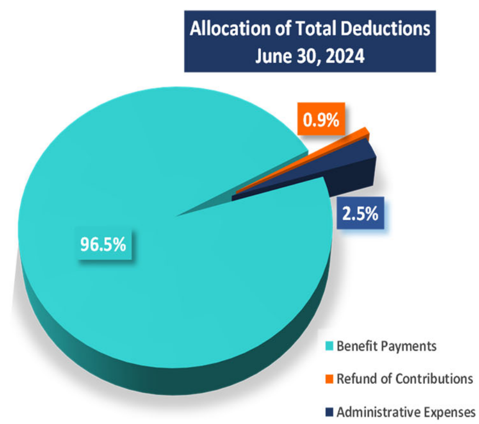
Net Increase in Fiduciary Net Position – Deductions from Fiduciary Net Position

The following table and graphs provide information related to the deductions from fiduciary net position for the fiscal years ended June 30, 2024, and 2023 (dollars in thousands):

	June 30, 2024	June 30, 2023	Change	
Benefit Payments	$ 1,433,401	$ 1,385,477	$ 47,924	3.5%
Refunds of Contributions	13,602	14,397	(795)	(5.5%)
Administrative Expenses	37,711	33,292	4,419	13.3%
Deductions from Fiduciary Net Position	$ 1,484,714	$ 1,433,166	$ 51,548	3.6%

Net Increase in Fiduciary Net Position – Deductions from Fiduciary Net Position *(continued)*





LACERS' deductions from fiduciary net position in this reporting period can be summarized as Benefit Payments, Refunds of Contributions, and Administrative Expenses. These deductions represent the types of benefit delivery operations undertaken by LACERS and associated costs. Total deductions increased by $51,548,000 or 3.6% from the prior fiscal year.

Compared to the prior fiscal year, benefit payments increased by $47,924,000 or 3.5%. The benefit payments for the Retirement Plan increased by $51,346,000 or 4.2% mainly due to the annual cost of living adjustments (approximately 3.0% increase on average); slight increase in the number of retirees and beneficiaries; and higher average retirement allowance of newly retired Members as compared to those of the deceased Members who were removed from the retirement payroll. Payments for Postemployment Health Care Plan benefits decreased by $3,422,000 or 2.0%. This decrease was mainly due to the Anthem premium surplus accounted in the current fiscal year that offset the increase in the current year health care cost from the increased medical subsidy; higher Medicare Part B reimbursement and self-funded insurance claims paid under the LACERS' self-funded plans.

The Refunds of Member contributions decreased by $795,000 or 5.5% from the prior fiscal year's $14,397,000, mainly due to the decrease in refunds to Members leaving the City service and refunds of unused annuity to beneficiaries of deceased retired members.

LACERS' administrative expenses increased by $4,419,000 or 13.3% from the prior fiscal year. The increase was mainly due to higher personnel costs as a result of the mandatory cost of living adjustment salary increase including additional cash payouts following the City's negotiated salary contracts. There were also increases in the associated employee benefits including pension costs. Additionally, this fiscal year, LACERS recognized the full depreciation expense for the building and the capitalized improvements since the headquarters building was occupied in April 2023. The system continues to incur costs associated with the building operation, including ongoing repairs, maintenance, and improvements that are chargeable to the current period.

Requests for Information

This financial report is designed to provide a general overview of LACERS finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

> LACERS
> Fiscal Management Division
> 977 N. Broadway
> Los Angeles, CA 90012-1728

Statement of Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
As of June 30, 2024, with Comparative Totals
(Dollars in Thousands)

	Retirement Plan	Postemployment Health Care Plan	2024	2023
Assets				
Cash and Short-Term Investments	$ 448,970	$ 88,561	$ 537,531	$ 427,788
Receivables				
Accrued Investment Income	80,482	15,875	96,357	89,225
Proceeds from Sales of Investments	98,244	19,379	117,623	93,978
Other	11,168	2,203	13,371	12,662
Total Receivables	189,894	37,457	227,351	195,865
Investments, at Fair Value				
US Government Obligations	1,392,140	274,605	1,666,745	1,645,211
Municipal Bonds	11,240	2,218	13,458	14,439
Domestic Corporate Bonds	846,140	166,904	1,013,044	892,859
International Bonds	949,776	187,347	1,137,123	1,057,611
Other Fixed Income	500,575	98,740	599,315	714,385
Bank Loans	119,205	23,514	142,719	105,026
Opportunistic Debts	434,273	85,662	519,935	469,554
Domestic Stocks	5,194,915	1,024,718	6,219,633	5,597,251
International Stocks	3,982,294	785,524	4,767,818	4,554,984
Mortgages	611,364	120,594	731,958	675,817
Government Agencies	11,586	2,285	13,871	11,111
Derivative Instruments	(6,747)	(1,331)	(8,078)	(1,886)
Real Estate	1,043,257	205,787	1,249,044	1,262,390
Private Equity	3,714,381	732,676	4,447,057	4,154,438
Security Lending Collateral	133,971	26,426	160,397	210,806
Total Investments	18,938,370	3,735,669	22,674,039	21,363,996
Capital Assets (Net of Depreciation and Amortization)	48,730	9,612	58,342	60,727
Total Assets	**19,625,964**	**3,871,299**	**23,497,263**	**22,048,376**
Liabilities				
Accounts Payable and Accrued Expenses	76,216	15,034	91,250	93,665
Accrued Investment Expense	8,516	1,680	10,196	8,819
Purchases of Investments	161,597	31,875	193,472	145,060
Security Lending Collateral Payable	133,971	26,426	160,397	210,806
Total Liabilities	**380,300**	**75,015**	**455,315**	**458,350**
Deferred Inflow of Resources	**604**	**119**	**723**	**761**
Net Position Restricted For Pensions	19,245,060		19,245,060	18,048,879
Net Position Restricted For Postemployment Health Care Benefits		3,796,165	3,796,165	3,540,386
Total Fiduciary Net Position	**$ 19,245,060**	**$ 3,796,165**	**$ 23,041,225**	**$ 21,589,265**

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Fiduciary Net Position
Retirement Plan and Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2024, with Comparative Totals

(Dollars in Thousands)

	Retirement Plan	Postemployment Health Care Plan	2024	2023
Additions				
Contributions				
City Contributions	$ 714,389	$ 97,094	$ 811,483	$ 760,019
Member Contributions	279,636	-	279,636	259,977
Total Contributions	994,025	97,094	1,091,119	1,019,996
Self Funded Insurance Premium	-	12,934	12,934	12,809
Health Insurance Premium Reserve	-	2,125	2,125	1,423
Investment Income				
Net Appreciation in Fair Value of Investments Including Gain and Loss on Sales	1,175,395	272,378	1,447,773	1,181,447
Interest	209,594	35,699	245,293	185,777
Dividends	181,011	30,831	211,842	224,315
Other Investment Income	56,163	9,566	65,729	69,508
Security Lending Income	3,302	563	3,865	4,384
Less: Security Lending Expense	(470)	(109)	(579)	(657)
Sub-total	1,624,995	348,928	1,973,923	1,664,774
Less: Investment Management Fees and Expenses	(113,397)	(26,278)	(139,675)	(127,066)
Investment Related Administrative Expenses	(3,080)	(714)	(3,794)	(3,710)
Net Investment Income	1,508,518	321,936	1,830,454	1,533,998
Building Lease and Other Income	34	8	42	101
Total Additions	**2,502,577**	**434,097**	**2,936,674**	**2,568,327**
Deductions				
Benefit Payments	1,263,240	170,161	1,433,401	1,385,477
Refunds of Contributions	13,602	-	13,602	14,397
Administrative Expenses	29,554	8,157	37,711	33,292
Total Deductions	**1,306,396**	**178,318**	**1,484,714**	**1,433,166**
Net Increase in Fiduciary Net Position	1,196,181	255,779	1,451,960	1,135,161
Fiduciary Net Position Restricted for Pension and Postemployment Health Care Benefits				
Beginning of year	18,048,879	3,540,386	21,589,265	20,454,104
End of year	**$ 19,245,060**	**$ 3,796,165**	**$ 23,041,225**	**$ 21,589,265**

The accompanying notes are an integral part of these financial statements.

Note 1. Description of LACERS and Significant Accounting Policies

General Description

The Los Angeles City Employees' Retirement System (LACERS or the System) is under the exclusive management and control of its Board of Administration (the Board), whose authority is granted by statute in Article XVI, Section 17 of the California State Constitution, and Article XI of the Los Angeles City Charter. The Board has seven members. Four members, one of whom shall be a retired Member of the System, shall be appointed by the Mayor subject to the approval of the City Council. Two members shall be active employee Members of the System elected by active employee Members. One shall be a retired Member of the System elected by retired Members of the System. Elected Board members serve five-year terms in office, with no term limits. The System is a component unit of the City of Los Angeles (the City). The System's financial statements are included in the City of Los Angeles Annual Comprehensive Financial Report as a pension trust fund.

The System operates a single-employer defined benefit plan (the Retirement Plan) and a single-employer Postemployment Health Care Plan. Benefits and benefit changes are established by ordinance and approved by the City Council and the Mayor. A description of each plan is located in Note 2 and Note 3 on pages 35 - 46 of this report. All Notes to the Basic Financial Statements apply to both plans unless indicated otherwise.

Basis of Accounting and Presentation

The financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP) as outlined by the Governmental Accounting Standards Board (GASB). The financial statements are maintained on the accrual basis of accounting. Contributions from the employer and Members were recognized when due pursuant to formal commitments and contractual requirements. Benefits, refunds, and other expenses are recognized when due and payable. The accompanying financial statements include information from the prior year summarized for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in accordance with US GAAP.

Investments

Investment policies

Funds of the System are invested pursuant to the System's investment policy, established by the Board, in compliance with Article XI Section 1106(d) of the City Charter. The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. The System's investment portfolio is composed of domestic and international equities, domestic and international bonds, bank loans, derivative instruments, real assets, private credit, private equity, and short-term investments. During the reporting period, there were no significant investment policy changes.

As of June 30, 2024, the Board's target asset allocation policy was as follows:

Asset Class	Target Allocation
Domestic and International Equities	47.00%
Domestic and International Bonds	11.25
Private Equity	16.00
Real Assets	12.00
Short-Term Investments	1.00
Credit Opportunities	12.75
Total	100.00%

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Fair Value of Investments

Securities traded on national or international exchanges are valued at the last reported sales price at the current exchange rates. Short-term investments, bonds, bank loans, stocks, and private equities are reported at fair value. The fair values of real estate investment funds are provided by the individual real estate fund managers based on periodic appraisals, in the form of either annual in-house appraisals or longer-term appraisals by outside professionals, in accordance with industry practice. The fair value determined as such is also reviewed and evaluated by the Board's real estate consultant. The private equity funds ("partnership investment"), which are managed by third party investment managers, are valued on a quarterly and/or annual basis at their net asset value as reported by the investment managers under US GAAP. US GAAP requires that assets be reported at fair value in accordance with GASB Statement No. 72 – *Fair Value Measurement and Application.* The fair values of derivative instruments are determined using available market information.

Debt rewrites are valued based on yields currently available on comparable securities of issuers with similar credit ratings. LACERS investment strategy, as it relates to the debt portfolio, is mainly to achieve market appreciation and not to hold bonds to their maturities.

The provisions of the GASB Statement No. 72, *Fair Value Measurement and Application*, require investments to be measured at fair value as well as to classify the inputs used to determine fair value based on a three-level fair value hierarchy.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of fiscal year-end are reported in the financial statements on an accrual basis. The corresponding proceeds due from sales are reported on the Statement of Fiduciary Net Position under Receivables and labeled as Proceeds from Sales of Investments and amounts payable for purchases are reported under Liabilities and labeled as Purchases of Investments. Dividend income is recorded on the ex-dividend date. Interest income is reported at the stated interest rate as earned, and any premiums or discounts on debt securities are not amortized. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of LACERS pension plan investment. Realized gains and losses on investments that had been held in more than one reporting period and sold in the current period were included as a change in the fair value reported in the prior period(s) and the current period.

For the future contracts, an initial margin is required to open a position and maintain the collateral requirement until the position is closed. LACERS reports the collateral for the future contracts in the short-term investments.

Concentrations

The investment portfolio as of June 30, 2024, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Rate of Return on Investments

For the fiscal year ended June 30, 2024, the aggregate annual money-weighted rate of return for the Retirement Plan and the Postemployment Health Care Plan on LACERS investments, net of investment expenses, was 8.4%. The money-weighted rate of return is a measure of the performance of an investment calculated by finding the rate of return that will set the present values of all cash flows equal to the value of the initial investment. It expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. Separate schedules for the money-weighted rate of return for Retirement Plan and Postemployment Health Care Plan are presented in the Required Supplementary Information (RSI).

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Receivables

As of June 30, 2024, LACERS held no long-term contracts for contributions receivable from the City.

Capital Assets

Purchases of capital assets are capitalized upon acquisition if the cost of purchase was $5,000 or more and depreciated over five years using the straight-line method.

Certain costs to develop LACERS Pension Administration System (PAS), a customized software solution critical to LACERS core operations, was capitalized in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The total capitalized cost of $9,413,000 is being amortized starting March 1, 2018, over 15 years using the straight-line method.

In April 2023, LACERS occupied its headquarters building located at 977 N. Broadway in Los Angeles, California purchased in October 2019 for $33,750,000. This cost was allocated to Land valued at $4,023,000 and Building valued at $29,727,000, based on the assessment performed on the fair value of acquired assets. The acquisition cost of $236,000 and associated building improvements cost, which totaled $19,273,000, were capitalized as part of the building cost. The building and improvements total capitalized cost of $49,236,000 is being depreciated over its estimated useful life of 25 years using the straight-line method.

The System recognizes intangible right-to-use subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA),* using LACERS estimated incremental borrowing rate and included extensions in the term if, after considering relevant economic factors, it is reasonably certain to be exercised. LACERS does not recognize subscription asset for SBITA with noncancellable term of 12 months or less.

Administrative Expenses

All administrative expenses are funded from LACERS fiduciary net position, which represents accumulated investment earnings and contributions from the City and the Members net of payments.

Reserves

As provided in the Los Angeles City Charter, LACERS is maintained on a reserve basis, determined in accordance with recognized actuarial methods. The Los Angeles City Charter establishes reserves for the following:

Reserves for the Retirement Plan

Member Contributions (Mandatory) – To provide for individual accounts of Members consisting of Active Member mandatory contributions to the Retirement Plan and interest credited to Members accounts, less refunds of Members contributions and transfers to the Annuity reserve.

Member Contributions (Voluntary) – To provide for individual accounts of Members participating in the larger annuity program of Active Member voluntary contributions and interest/investment return credited to Members' accounts, less refunds of Member contributions (voluntary) and transfers to the Larger Annuity reserve.

Basic Pensions – To provide for the City's guaranteed portion of retirement benefits consisting of City contributions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to retired Members and beneficiaries, and allocated investment and administrative expenses.

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Annuity – To provide for the Members' share of retirement benefits consisting of Members' mandatory contribution balances transferred at retirement; investment earnings (losses) excluding net appreciation (depreciation) in fair value of investments; less payments to retired Members and beneficiaries.

Larger Annuity – To provide for the Larger Annuity benefit consisting of Members' voluntary contribution balances transferred at retirement including Internal Revenue Service (IRS) Section 457 deferred compensation and other rollovers; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to participating retired Members and beneficiaries and allocated investment and administrative expenses.

Family Death Benefit Plan (FDBP) – To pay benefits under the Family Death Benefit Plan administered by LACERS consisting of Active Member voluntary contributions; matching City of Los Angeles contributions; and investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to beneficiaries and allocated investment and administrative expenses.

Reserves for the Postemployment Health Care Plan

401(h) Account – To provide health care benefits for retirees consisting of City contributions received until fiscal year 2019; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments to insurance providers, including payment to the 115 Trust fund for the self-funded insurance premium and Members' portion of insurance premium reserve.

115 Trust Account – This Health Care fund is currently limited to pay the benefit claims from LACERS self-funded insurance plans, but ultimately will fund all health care benefits for retirees upon depletion of the existing 401(h) account reserve. The 115 Trust account currently consists of City Contributions received starting fiscal year 2020, self-funded insurance plan premiums and prepayments; certain retired Members' health insurance premium deductions; investment earnings (losses) including net appreciation (depreciation) in fair value of investments; less payments of the self-funded insurance plan claims and related third party administration fees; cost of approved insurance premium buy down and certain direct and allocated administrative expenses.

Reserve balances as of June 30, 2024, were as follows (in thousands):

Reserve for the Retirement Plan		
Member Contributions		
Mandatory	$ 3,063,296	
Voluntary	10,630	
Basic Pensions	15,371,484	
Annuity	709,257	
Larger Annuity	71,037	
FDBP	19,356	$ 19,245,060
Reserve for the Postemployment Health Care Plan		
401(h) Account	$ 3,155,889	
115 Trust Account	640,276	3,796,165
Total		**$ 23,041,225**

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Comparative Totals

The basic financial statements include certain prior year summarized comparative data in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with LACERS' financial statements for the year ended June 30, 2023, from which the summarized data were derived.

Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Changes in economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ from those estimates materially.

Risk and Uncertainty That May Impact Financial Operations and Performance

The System operates in an environment that is exposed to various risks and uncertainties. The global economic activity and financial markets continue to be impacted by various disruptions such as inflation and geopolitical and international issues. These have resulted in increased financial market volatility and performance. It is currently unclear how measures being taken to address these issues both globally and in the United States would impact future market performance. Additionally, the total pension liabilities, net pension liabilities, total OPEB and Net OPEB (asset) liability disclosed in Notes 2 and 3 to the Basic Financial Statements are measured based on certain assumptions, including the long-term rate of return on investments, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions described in this section, it is at least reasonably possible that changes in these estimates and assumptions in the near term may have materially impact the financial statements. LACERS Board and management continue to closely monitor the financial market. LACERS' investment strategy is to maintain a well-diversified portfolio to mitigate the risk of market uncertainty.

Adoption of New Accounting Pronouncements

GASB Statement No. 99, *Omnibus 2022.* The requirement related to leases, PPPs, and SBITAs took effect starting fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments with the scope of Statement 53 takes effect in fiscal year ending June 30, 2024. This Statement has no material impact on LACERS financial statements.

GASB Statement No. 100, *Accounting Changes and Errors Correction - an amendment of GASB Statement No. 62*. The requirements of this Statement take effect for fiscal years starting after June 30, 2024. For this fiscal year, there were no material changes in accounting principles and estimates and change to or within the financial reporting entity, nor material correction from which this Statement should be applied. The System will continue to implement this Statement, as applicable, in future reporting periods.

Implementation Guide No. 2023-1, *Implementation Guidance Update - 2023*. The requirements of this Implementation Guide will take effect for financial statements starting with the fiscal year that ends June 30, 2024. The adoption of this guide had no significant effect on LACERS financial statements. There were no adjustments to prior periods required as a result of this implementation.

Note 1. Description of LACERS and Significant Accounting Policies *(continued)*

Recent GASB Pronouncements for Future Adoption

LACERS is currently analyzing its accounting practices to determine the potential impact on the financial statements of the following recent GASB Statements:

GASB Statement No. 101, *Compensated Absences*. The requirements of this Statement will take effect for fiscal years starting after December 31, 2024. The System plans to adopt this Statement in the fiscal year ending June 30, 2025 and will continue to monitor developments and ensure timely compliance.

GASB Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2025. The System will assess potential implications and expects to implement this Statement in the fiscal year ending June 30, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement will take effect for financial statements with the fiscal year that begins after June 15, 2025. The System will assess potential implications and expects to implement this Statement in the fiscal year ending June 30, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement will take effect for financial statements with the fiscal year that begins after June 15, 2025. The System will assess potential implications and expects to implement this Statement in the fiscal year ending June 30, 2026.

Note 2. Retirement Plan Description

Plan Administration and Membership

LACERS administers a defined benefit pension plan that provides for service and disability retirement benefits as well as death benefits.

The Retirement Plan covers all full-time personnel and department-certified part-time employees of the City, except for sworn employees of the Fire and Police departments, Department of Water and Power employees, elected officials who elected to participate in an alternative Defined Contribution Plan, certain Port Police officers of the Harbor, and certain Airport Peace Officers of the Airports who elected to opt out of LACERS. Upon transferring all active Tier 2 Members to Tier 1 as of February 21, 2016, Membership to Tier 1 is now closed to new entrants unless a Member meets one of the exceptions allowed in the Ordinance No. 184134. Eligible employees hired on or after February 21, 2016, become Members of Tier 3.

Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts. Generally, after five years of employment, Members are eligible for future retirement benefits, which increase with length of service. If a Member who has five or more years of continuous City service terminates employment, the Member has the option of receiving retirement benefits when eligible or having his or her contributions and accumulated interest refunded. Benefits are based upon age, length of service, and compensation.

Note 2. Retirement Plan Description *(continued)*

As of June 30, 2024, the components of LACERS membership in both tiers (Tier 1 and Tier 3) were as follows:

Active:	
Vested	18,643
Non-vested	8,139
	26,782
Inactive:	
Non-vested	8,379
Terminated Entitled to Benefits, Not Yet Receiving Benefits	3,460
Retired	22,763
Total	**61,384**

Eligibility Requirement and Benefits Provided

Tier 1

Plan Members are eligible to retire with unreduced benefits if they have 10 or more years of continuous City service at age 60, or at least 30 years of City service at age 55, or with any years of City service at age 70 or older. Plan Members also are eligible to retire with age-based reduced benefits after reaching age 55 with 10 or more years of continuous City service, or at any age with 30 or more years of City service. Full (unreduced) retirement benefits are determined as 2.16% of the Member's average monthly pensionable salary during the Member's last 12 months of service, or during any other 12 consecutive months of service designated by the Member, multiplied by the Member's years of service credit.

Plan Members with five years of continuous service are eligible for disability retirement and the benefits are determined as 1/70 of the Member's final average monthly salary for each year of service or 1/3 of the Member's final average monthly salary, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Tier 1 – Enhanced Benefits

On March 28, 2017, the City Council adopted Ordinance No. 184853 to amend the Los Angeles Administrative Code (LAAC) authorizing certain sworn Airport Peace Officers (APO) at LACERS to elect to transfer into Tier 6 of LAFPP Plan or to remain in LACERS Plan with enhanced benefits. All new APO hired after that date would be enrolled in LAFPP Tier 6. Under the ordinance, APO Members who elect to remain in LACERS would be Tier 1 Members and be eligible for enhanced benefits including more favorable disability benefits, death benefits, and a higher retirement factor of 2.30% (versus 2.16% for all other Tier 1 Members), contingent upon a mandatory additional contribution payment of $5,700 required by LAAC Section 4.1002(e)(2) to LACERS before January 8, 2019, or prior to the Member's retirement date, whichever is earlier.

Tier 3

Plan Members are eligible to retire with unreduced benefits if they have at least 10 or more years of City service at age 60 or at least 30 years of City service at age 55, provided that five years of service must be continuous. Full unreduced retirement benefits at age 60 with 10 years of City service are determined with a 1.5% retirement factor. Plan Members also are eligible to retire with an age-based reduced benefit before

Note 2. Retirement Plan Description *(continued)*

reaching age 60 with 30 or more years of City service with a retirement factor of 2.0%. If the Member is age 55 or older with 30 years of service at the time of retirement, his or her retirement allowance will not be subject to reduction on account of age. However, if the Member is younger than age 55 with 30 years of service at the time of retirement, his or her retirement allowance will be reduced by the applicable early retirement reduction factor. In addition, the System also provides Tier 3 Members enhanced retirement benefits with a 2.0% retirement factor if the Member retires at age 63 with at least 10 years of service, or a retirement factor of 2.1% if the Member retires at age 63 with 30 years of service.

Tier 3 retirement benefits are determined by multiplying the Member's retirement factor (1.5% - 2.1%) with the Member's Final Average Compensation (FAC) based on the Member's pensionable salary for the last 36 months or any other 36 consecutive months designated by the Member and by the Member's years of service credit (SC) as follows:

Age at Retirement	Required Years of Service	Retirement Benefit[1]
Under 55	30 Years	2.0% x FAC x Yrs. of SC[2]
55 and Over	30 Years	2.0% x FAC x Yrs. of SC
60 and Over	10 Years	1.5% x FAC x Yrs. of SC
63 and Over	10 Years	2.0% x FAC x Yrs. of SC
63 and Over	30 Years	2.1% x FAC x Yrs. of SC

(1) Retirement allowance may not exceed 80% of final compensation except when benefit is based solely on the annuity component funded by the Member's contributions.

(2) A reduction factor will be applied based on age at retirement.

Plan Members with five years of continuous service are eligible for disability retirement and the benefits are determined as 1/70 of the Member's final average monthly salary for each year of service or 1/3 of the Member's final average monthly salary, if greater. Upon an active Member's death, a refund of the Member's contributions and, depending on the Member's years of service, a limited pension benefit equal to 50% of monthly salary may be paid up to 12 months. Or, if such Member was eligible to retire, survivor benefits may be paid to an eligible spouse or qualified domestic partner. Upon a retired Member's death, a $2,500 funeral allowance is paid, and a modified or unmodified allowance is continued to an eligible spouse or qualified domestic partner.

Cost of Living Adjustment

Retirement allowances are indexed annually for inflation. The Board has authority to determine, no later than May 1st of each year, the average annual percentage change in the Consumer Price Index (CPI) for the purpose of providing a Cost of Living Adjustment (COLA) to the benefits of eligible Members and beneficiaries in July. The adjustment is based on the prior year's change of Los Angeles area CPI subject to a maximum of 3.0% for Tier 1 Members or 2.0% for Tier 3 Members. For Tier 1 Members, the CPI percentage change greater than 3.0% is banked for future use.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 provide for periodic actuarially-determined employer contribution rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. For the fiscal year ended June 30, 2024, the actuarially-determined aggregate employer contribution rate to the Retirement Plan by the City was 29.43% (30.30% for Tier 1 and 27.10% for Tier 3) of projected payroll, based on the June 30, 2022 actuarial valuation.

Note 2. Retirement Plan Description *(continued)*

Upon closing the fiscal year 2023-24, LACERS re-calculated the employer contribution rate using actual payroll incurred during the fiscal year, which was smaller than projected covered payroll used by the City to make the advance payment on July 15, 2023. As a result, employer contributions received for the Retirement Plan were $73,200,000 more than required, which was recorded in fiscal year 2023-24 and credited towards employer contributions payment for fiscal year 2024-25. Based on actual payroll, the effective rate of employer contribution for Retirement Plan was 29.03% for fiscal year 2023-24.

Member Contributions

Tier 1 and Tier 1 Enhanced

The current contribution rate for Tier 1 and Tier 1 Enhanced Members is 11% of their pensionable salary including a 1% increase in the Member contribution rate pursuant to 2009 Early Retirement Incentive Program (ERIP) ordinance for all employees for a period of 15 years (or until the ERIP Cost obligation is fully recovered, whichever comes first). Contribution rates for Tier 1 and Tier 1 Enhanced Members is expected to decrease by 1% once ERIP obligation is met.

Tier 3

The contribution rate for Tier 3 Members is 11% of their pensionable salary. Unlike Tier 1, Tier 3 Members do not pay ERIP contribution, therefore, Tier 3 Members’ contribution rate will not drop down when Tier 1 Members cease to pay the 1% ERIP contribution.

Net Pension Liability

In calculating the Plan’s net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with Family Death and Larger Annuity benefits. As of June 30, 2024, the components of the net pension liability were as follows (dollars in thousands):

Total Pension Liability	$	26,492,518
Less: Plan Fiduciary Net Position[1]		19,144,037
Plan's Net Pension Liability	$	7,348,481
Plan Fiduciary Net Position as a percentage of the Total Pension Liability		72.3%

[1] Plan fiduciary net position is $19,245,060,000 as of June 30, 2024 without excluding amounts associated with Family Death and Larger Annuity plans.

Significant Assumptions

Projections of benefits for financial reporting purposes are based on the types of benefits provided to active, inactive, and retired Members at the time of each valuation, including expected future COLAs. The attribution method and significant assumptions used in the valuation year of June 30, 2024 are summarized below:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Cost Method (individual basis).
Amortization Method	Level Percent of Payroll

Note 2. Retirement Plan Description *(continued)*

Actuarial Assumptions:

Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Investment Rate of Return	7.00%
Inflation	2.50%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases	Ranges from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Annual COLAs	2.75% maximum for Tier 1 and 2.00% maximum for Tier 3.
Mortality Table for Healthy Retirees	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Currently in pay status*	Pub-2010 Contingent Survivor Amount-Weighted Above Median Mortality Tables with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *Not Currently in pay status*	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Percent Married / Domestic Partner	76% of male participants and 52% of female participants are assumed to be married or have a qualified domestic partner.
Spouse Age Difference	Male retirees are assumed to be three years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.

Note 2. Retirement Plan Description *(continued)*

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees, and other miscellaneous investment expenses) and a risk margin. Beginning with the June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2024. This information will change every three years based on the actuarial experience study. The last experience study was from July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2025-26.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
Protected Securities (TIPS)	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%
Total	**100.00%**	**6.27%**

Note 2. Retirement Plan Description *(continued)*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed Plan Member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the actuarially-determined contribution rates. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries as well as projected contributions from future Plan Members are not included. Based on those assumptions, the retirement plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2024.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of LACERS as of June 30, 2024, calculated using the discount rate of 7.00% as well as what LACERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 10,817,388	$ 7,348,481	$ 4,479,838

Note 3. Postemployment Health Care Plan Description

Plan Administration and Membership

LACERS administers and provides single-employer postemployment healthcare benefits to eligible retirees and their eligible spouses/domestic partners who participate in the Retirement Plan regardless of their membership tiers. These benefits consist of subsidies which may also apply to the coverage of other eligible dependent(s). As of June 30, 2024, the components of Membership, excluding non-participating retirees and surviving spouses of LACERS postemployment healthcare benefits, were as follows:

Retired Members/Surviving Spouses (1)	17,909
Vested terminated Members entitled to, but not yet receiving benefits (2)	1,651
Retired Members and surviving spouses not yet eligible for health benefits	113
Active Members	26,782
Total	**46,455**

(1) Total participants including married dependents and dependent children currently receiving benefits are 23,769.

On November 9, 2018, the City Council approved Ordinance No. 185829 to amend Article 1 of Chapter 11, Division 4 of the Los Angeles Administrative Code to establish the LACERS Health Care Fund (115 Trust Account) for the sole purpose of funding the retiree healthcare benefits for eligible LACERS retirees and beneficiaries as well as to help stabilize premium rates over time.

The City and the Board of LACERS entered into a written trust agreement for the LACERS Health Care Fund which shall provide an alternative funding mechanism, in addition to or in lieu of the existing 401(h)

Note 3. Postemployment Health Care Plan Description *(continued)*

account described in LAAC Section 4.1102, for funding benefits under the health and welfare programs. The LACERS Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Because health benefits paid out of the LACERS Health Care Fund are not required to be subordinate to the Plan retirement benefits, the LACERS Health Care Fund would not become taxable if the Plan health benefits surpass the 25% threshold. Second, the LACERS Health Care Fund gives LACERS more flexibility to invest premium surpluses to provide for smoothing should healthcare premiums increase considerably in the future. Currently, the Health Care Coverage Account (401(h) account) cannot receive full refunds of excess premiums from insurance providers. However, the LACERS Health Care Fund can receive full premium surplus refunds from insurance providers; therefore, the System can invest these funds at a higher rate of return than the insurance providers' reserve account interest rate.

Eligibility Requirement and Benefits Provided

To be eligible for LACERS postemployment healthcare benefits, Member must: 1) be at least age 55; 2) have at least 10 whole years of service with LACERS; and 3) be enrolled in a System-sponsored medical or dental plan or be a participant in the Medical Premium Reimbursement Program (MPRP). Retirees and surviving spouses/domestic partners can choose from the health plans that are available, which include medical, dental, and vision benefits, or participate in the MPRP if he/she resides in an area not covered by the available medical plans. Retirees and surviving spouses/domestic partners receive medical subsidies based on service years and service credit. The dental subsidies are provided to the retirees only based on service years and service credit.

The maximum subsidies are set annually by the Board. Effective February 21, 2016, healthcare benefit eligibility requirements have changed for the Members who have periods of part-time service. Such Members are now eligible to participate in the LACERS retiree medical programs with 10 whole years of service, even if some or all that service was part-time, provided that the Member meets the eligibility requirements. Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 1 – 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service. Eligible spouses/domestic partners of Plan Members are entitled to the System's postemployment healthcare benefits after the retired Member's death.

During the 2011 fiscal year, the City adopted an ordinance ("Subsidy Cap Ordinance") to limit the maximum medical subsidy at $1,190 for those Members who retire on or after July 1, 2011; however, Members who at any time prior to retirement made additional contributions are exempted from the subsidy cap and obtain a vested right to future increases in the maximum medical subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium. As of June 30, 2024, all active Tier 1 and Tier 3 Members were making the additional contributions and therefore will not be subject to the medical subsidy cap.

Employer Contributions

The Los Angeles City Charter Sections 1158 and 1160 require periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate the required assets to pay benefits when due. The actuarially determined aggregate contribution rate for the Postemployment Health Care Plan for the fiscal year ended June 30, 2024, was 3.93% (3.77% for Tier 1 and 4.35% for Tier 3) of projected payroll, based on the June 30, 2022 actuarial valuation.

Upon closing the fiscal year 2023-24, LACERS re-calculated employer contribution rate using actual payroll incurred during the fiscal year which was lower than projected covered payroll used by the City to make the advance payment on July 15, 2023. As a result, employer contributions for Postemployment Health Care Plan were $9,719,000 more than required, which was recognized in fiscal year 2023-24 and credited towards employer contribution payment for fiscal year 2024-25. Based on actual payroll, the effective rate of employer contribution for Postemployment Health Care Plan was 3.95% for fiscal year 2023-24.

Note 3. Postemployment Health Care Plan Description *(continued)*

Net OPEB (Asset) Liability

As of June 30, 2024, the components of the net OPEB (asset) liability were as follows (dollars in thousands):

Total OPEB Liability	$ 3,570,148
Less: Plan Fiduciary Net Position	3,796,165
Plan's Net OPEB (Asset) Liability	$ (226,017)
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	106.3%

Significant Assumptions

The total OPEB liability as of June 30, 2024, was determined by actuarial valuation as of June 30, 2024. The attribution method and significant assumptions used to measure the total OPEB liability, including assumptions about inflation, and healthcare cost trend rates in the valuation year of June 30, 2024, are summarized below:

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Cost Method, level percent of salary
Amortization Method:	Level Percent of Payroll – assuming a 3.00% increase in total covered payroll.
Actuarial Assumptions:	
Date of Experience Study	June 30, 2022 (July 1, 2019 through June 30, 2022)
Investment Rate of Return	7.00%
Inflation	2.50%
Salary Increase	Range from 4.00% to 9.00% based on years of service, including inflation assumption at 2.50%, real across-the-board salary increase assumption of 0.50% plus merit and promotion increases.
Mortality Table for Retirees	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Disabled Retirees	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table (separate tables for males and females), with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Mortality Table for Beneficiaries *(in-pay status as of Valuation)*	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables (separate tables for males and females), with rates increased by 5% for males and 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Note 3. Postemployment Health Care Plan Description *(continued)*

Mortality Table for Beneficiaries *(not in-pay status as of Valuation)*	Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table (separate tables for males and females), with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Spouse / Domestic Partner Coverage	For all active and inactive members, 60% of male participants and 35% of female participants who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage of the retiree predeceases the spouse/domestic partner. Male retirees are assumed to be four years older than their female spouses. Female retirees are assumed to be two years younger than their male spouses.
Healthcare Cost Trend Rates	Medical Premium Trend Rates to be applied in the following fiscal years to all health plans. Trend Rate is to be applied to the premium for the shown fiscal year to calculate next fiscal year's projected premium. Medical Premium Trend Rates to be applied to fiscal year 2024-2025 and later years are:

First Fiscal Year (July 1, 2024 through June 30, 2025)

Carrier	Under Age 65	Age 65 & Over
Kaiser HMO	6.88%	0.25%
Anthem Blue Cross HMO	7.71%	N/A
Anthem blue Cross PPO	7.72%	0.25%
UHC Medicare HMO	N/A	10.20%
SCAN	N/A	0.25%

Approximate Trend Rate (%)
Fiscal Year 2025 - 2026 and later

Fiscal Year	Non-Medicare	Medicare	Medicare Part B
2025 - 2026	7.37%	3.76%	6.20%
2026 - 2027	7.12%	6.87%	6.20%
2027 - 2028	6.87%	6.62%	6.20%
2028 - 2029	6.62%	6.37%	6.20%
2029 - 2030	6.37%	6.12%	6.20%
2030 - 2031	6.12%	5.87%	6.20%
2031 - 2032	5.87%	5.62%	6.20%
2032 - 2033	5.62%	5.37%	6.20%
2033 - 2034	5.37%	5.12%	6.20%
2034 - 2035	5.12%	4.87%	5.75%
2035 - 2036	4.87%	4.62%	5.50%
2036 - 2037	4.62%	4.50%	5.25%
2037 - 2038	4.50%	4.50%	5.00%
2038 - 2039	4.50%	4.50%	4.75%
2039 and later	4.50%	4.50%	4.50%

Delta Dental PPO Premium Trend: 1.50%, then 3.00% thereafter
Deltacare Premium Trend: 3.48%, then 3.00% thereafter

Note 3. Postemployment Health Care Plan Description *(continued)*

Determination of Discount Rate and Investment Rates of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expense) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023, including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning on June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2024 actuarial valuation. This information will change every three years based on the actuarial experience study. The last experience study was from July 1, 2019 through June 30, 2022. The next experience study will be conducted in fiscal year 2025-26.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%
Small/Mid Cap U.S. Equity	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%
Core Bonds	11.25%	1.97%
High Yield Bonds	1.50%	4.63%
Bank Loans	1.50%	4.07%
Protected Securities (TIPS)	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%
Real Estate Core	4.20%	3.86%
Cash & Equivalents	1.00%	0.63%
Private Equity	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%
Emerging Market Small-Cap Equity	1.33%	11.10%
REIT	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%
Total	**100.00%**	**6.27%**

A 7.00% discount rate was used to measure the total OPEB liability as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially-determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current Plan Members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future Plan Members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current Plan Members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2024.

Note 3. Postemployment Health Care Plan Description *(continued)*

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of LACERS as of June 30, 2024 calculated using the discount rate of 7.00% as well as what LACERS net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (dollar in thousands):

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
$ 253,957	$ (226,017)	$ (622,567)

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB (asset) liability of LACERS as of June 30, 2024 calculated using the healthcare cost trend rates as well as what LACERS net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current rate (dollar in thousands):

1% Decrease	Current Healthcare Cost Trend Rates[1]	1% Increase
$ (662,071)	$ (226,017)	$ 313,405

[1] Current healthcare cost trend rates: 7.37% graded down to 4.50% over 12 years for Non-Medicare medical plan costs, and actual premium increase in first year, then 3.76% and then graded from 6.87% to ultimate 4.50% over 10 years for Medicare medical plan costs. Actual premium increase in first year, then 3.00% thereafter for Dental. Actual premium increase in the first year then 6.20% for the following 9 years, then graded down to ultimate 4.50% over 6 years for Medicare Part B subsidy cost.

Note 4. Contributions Required and Contributions Made

LACERS uses the Entry Age cost method to determine the required annual contribution amount for the Retirement Plan and the Postemployment Health Care Plan. The required annual contribution amount is composed of two components; normal cost, which is the cost of the portion of the benefit that is allocated to a given year and the payment to amortize the Unfunded Actuarial Accrued Liability (UAAL) which is the difference between LACERS actuarial liabilities and actuarial assets. The components of the UAAL are amortized as a level percent of pay. Based on LACERS funding policy, changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods, except that healthcare cost trend and premium assumption changes are amortized over 15 years. Plan changes including the 2009 ERIP, are amortized over separate 15 year-periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, were combined and amortized over 30 years effective June 30, 2012. For OPEB, all bases as of June 30, 2020, were re-amortized over 21 years effective with the June 30, 2021 valuation. The amortization periods are “closed” as each layer of the UAAL is systematically amortized over a “fixed” period.

Note 4. Contributions Required and Contributions Made *(continued)*

The total contributions to LACERS for the fiscal year ended June 30, 2024, in the amount of $1,091,119,000 ($994,025,000 for the Retirement Plan and $97,094,000 for the Postemployment Health Care Plan), consisted of the following (in thousands):

	Retirement Plan	Postemployment Health Care Plan
City Contributions:		
Initial Contributions [1]	$ 787,538	$ 106,813
True-up Adjustments [2]	(73,200)	(9,719)
Required Contributions	714,338	97,094
FDBP	51	-
Total City Contributions	714,389	97,094
Member Contributions	279,636	-
Total Contributions	**$ 994,025**	**$ 97,094**

(1) The initial City contributions made on July 15, 2023, were based on applying actuarially-determined contributions rates to projected payroll for the fiscal year.
(2) At the end of the fiscal year, LACERS recalculated required contributions based on actual payroll, resulting in these true-up adjustments.

The City contributions made for the Retirement Plan under the Required Contributions category in the amount of $714,338,000 were equal to 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 67. The City contributions made for the Postemployment Health Care Plan, in the amount of $97,094,000, represents 100% of the actuarially determined contribution of the employer as defined by GASB Statement No. 74. Member contributions in the amount of $279,636,000 were made toward the Retirement Plan, the voluntary Larger Annuity Plan, and Family Death Benefit Plan.

Note 5. Historical Trend Information

Historical trend information, designed to provide information about LACERS progress made in accumulating sufficient assets to pay benefits when due, is presented on pages 60 - 65 for the Retirement Plan and pages 66 - 71 for the Postemployment Health Care Plan.

Note 6. Cash and Short-Term Investments and Investments

The Board has the responsibility for the investment of LACERS funds and should discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims, as prescribed by Article XI Section 1106(c) of the City Charter.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

LACERS considers investments with a maturity of 12 months or less to be short-term investments. The carrying value of cash and short-term investments on June 30, 2024, for the Retirement Plan and Postemployment Health Care Plan included approximately $5,271,000 held in LACERS general operating accounts with the City Treasurer, $392,000 in building operating account with LACERS building property management and short-term investments funds (STIF) of $531,868,000 for a total of $537,531,000. The amounts held by the City Treasurer are pooled with the monies of other City agencies and invested by the City Treasurer's office. These assets are not individually identifiable. On June 30, 2024, short-term investments included collective domestic STIF of $448,538,000, international STIF of $34,227,000, and future contracts initial margin and collaterals of $49,103,000.

The fair value of derivative instruments, including equity index, commodity, currency, and interest rate future contracts, currency forward contracts and options, rights and warrants and swaps, are recorded in the Statement of Fiduciary Net Position with a net negative value of $8,078,000. The changes in fair value of the derivative instruments during the fiscal year are recorded in the Statement of Changes in Fiduciary Net Position as Investment Income (Loss). LACERS enters into derivative contracts for investment purposes and to manage risks associated with its investment portfolio. For financial reporting purposes, all LACERS derivatives for the current and previous fiscal years are classified as investment derivatives.

The notional amount and the fair value of derivative instruments as of June 30, 2024, are as follows (in thousands):

Derivative Type	Notional Amount	Fair Value	Change in Fair Value
Future Contracts -			
Commodities	$ -	$ -	$ -
Equity Index	25,499	28	(105)
Interest Rate	(63,252)	(31)	(52)
Currency Forward Contracts	624,689	(2,422)	(3,641)
Currency Options	N/A	(459)	899
Rights / Warrants	N/A	50	2
Swaps-Interest Rate	N/A	(6,139)	(3,751)
Swaps-Credit Contracts	N/A	895	456
Total Value		**$ (8,078)**	**$ (6,192)**

Credit Risk – Derivatives

Derivatives are subject to credit risk that the counterparty to a contract will default. LACERS is exposed to credit risk on reported assets of the investment derivatives that are traded over the counter. The credit risk of exchange traded derivatives for future contracts is considered minimal because the exchange clearing house is the counterparty and guarantees the performance.

LACERS permits investment managers, under the terms of individual guidelines, to use derivative instruments as set forth in each manager's investment guidelines to control portfolio risk. It is the responsibility of these investment managers to actively monitor counterparties on their financial safety and ensure compliance with the investment restrictions. LACERS has no general investment policy with respect to netting arrangements or collateral requirements. However, these individual investment managers have set up the arrangements with the counterparties to net off the positive and negative contracts with the same counterparty in case of the counterparty's default.

As of June 30, 2024, without respect to netting arrangements, LACERS maximum income on derivative instruments subject to credit risk, namely currency forward contracts, is $2,728,000. All counterparties of these investment derivatives had the credit rating of “A” or “AA” assigned by S&P.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Credit Risk – Investments

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. LACERS seeks to maintain a diversified portfolio of fixed income instruments to obtain the highest total return for the fund at an acceptable level of risk within this asset class. The credit quality ratings of investments in fixed income securities by Standard and Poor's (S&P), a nationally-recognized statistical rating organization, as of June 30, 2024, are as follows (dollars in thousands):

S & P Ratings	Fair Value	Percentage
AAA	$ 48,206	1.17 %
AA+	5,750	0.14
AA	1,215,680	29.56
AA-	21,138	0.51
A+	34,438	0.84
A	71,245	1.73
A-	178,840	4.35
BBB+	238,930	5.81
BBB	217,999	5.30
BBB-	210,454	5.12
BB+	99,789	2.43
BB	167,927	4.08
BB-	119,930	2.92
B+	75,685	1.84
B	402,058	9.78
B-	127,660	3.10
CCC+	51,565	1.25
CCC	36,618	0.89
CCC-	9,940	0.24
CC	10,071	0.24
C	177	0.00
D	5,265	0.13
Not Rated	763,693	18.57
	$ 4,113,058	100.00 %
U.S. Government Guaranteed Securities[(1)]	1,725,110	
Total Fixed Income Securities	**5,838,168**	

(1) Consists of U.S. Government Bonds and GNMA Mortgage-Backed Securities which had the AA+ rating.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a financial institution's failure of depository financial institution, LACERS would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

As of June 30, 2024, LACERS has exposure to such risk in the amount of $36,944,000 or 0.5% of the fair value of total international investments. The amount represents non-invested cash denominated in foreign currencies, managed by 12 different investment managers, and held outside of LACERS custodial bank. LACERS policy requires each individual publicly traded equities investment manager to hold no more than 10% of their portfolios in the form of cash. LACERS is in compliance with the policy.

Investment securities are exposed to custodial credit risk if the securities are not insured, are not registered in LACERS name, and are held by the counterparty or the counterparty's trust department or agent, but not in LACERS name. As of June 30, 2024, LACERS investments were not exposed to custodial credit risk because all securities were registered in the name of the System.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. One of the ways LACERS manages its exposure to interest rate risk is by requiring the fixed income investment managers to maintain their portfolio effective duration within a specified range of the BC U.S. High Yield 2% Capped Index, the BC Intermediate Government Credit Index, the BC Aggregate Bond Index, or the J.P. Morgan EMBI Global Diversified Index, depending on the Board's mandates. The effective duration is a measure, in years, of interest-rate sensitivity in debt investments. The longer the effective duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the fair values of LACERS investments to market interest rate fluctuations as of June 30, 2024 is provided by the following table that shows the weighted average effective duration of LACERS fixed income securities by investment type (dollars in thousands):

Investment Type	Fair Value	Weighted Average Duration (in Years)
Asset-Backed Securities	$ 88,581	2.71
Bank Loans	142,719	(0.09)
Commercial Mortgage-Back Securities	100,612	2.18
Corporrate Bonds	1,262,171	5.10
Government Agencies	70,854	6.86
Government Bonds	1,551,963	7.12
Government Mortgage-Back Securities	631,346	7.41
Index Linked Government Bonds	823,040	4.26
Municipal / Proviancial Bonds	14,243	5.20
Non-Government Backed C.M.O.s	33,389	4.81
Opportunistic Debts & Private Credit	519,935	0.10
Other Fixed Income (Funds)	599,315	6.13
Derivative Instruments[1]	(31)	2.71
Total Fixed Income Securities	**$ 5,838,137**	

[1] Weighted average duration based on the investment's notional amount of ($63,252,000).

Concentration of Credit Risk

The investment portfolio as of June 30, 2024, contained no concentration of investments in any one entity that represented 5% or more of the total investment portfolio.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERS Asset Allocation policy sets a target of 24% of the total portfolio for non-U.S. investments in equities. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual mandates. Forward currency contracts are permitted primarily to reduce the foreign currency risk. LACERS non-U.S. currency investment holdings as of June 30, 2024, which represent 24.01% of the fair value of total investments, are as follows (in thousands):

Foreign Currency Type	Cash and Adjustments to Cash	Equity	Fixed Income	Derivatives Instruments	Other Investments	Total Fair Value in USD
Australian dollar	$ 263	$ 129,543	$ -	$ 9	$ -	$ 129,815
Brazilian real	42,351	48,509	14,802	(4,798)	(4,988)	95,876
British pound sterling	998	512,138	-	(3)	-	513,133
Canadian dollar	449	275,260	-	16	-	275,725
Chilean peso	(3,184)	2,756	9,181	6	(61)	8,698
Chinese yuan renminbi	4,099	39,260	14,593	389	246	58,587
Colombian peso	(6,743)	745	32,326	(456)	(519)	25,353
Czech koruna	(1,991)	726	22,472	(114)	66	21,159
Danish krone	51	99,930	-	-	-	99,981
Egyptian pound	2,222	-	-	-	-	2,222
Euro	(51,771)	1,131,489	53,178	93	410,303	1,543,292
Hong Kong dollar	961	227,431	-	10	-	228,402
Hungarian forint	(6,631)	1,272	18,872	183	52	13,748
Indian rupee	9,260	319,275	6,991	(1)	-	335,525
Indonesian rupiah	12,880	16,383	37,504	(11)	-	66,756
Israeli new shekel	47	27,148	-	-	-	27,195
Japanese yen	2,944	673,406	-	108	-	676,458
Kazakhstan tenge	1,113	-	-	-	-	1,113
Kuwaiti dinar	(27)	1,415	-	-	-	1,388
Malaysian ringgit	16,759	22,305	27,010	20	1	66,095
Mexican peso	10,780	46,292	44,415	(1,180)	(975)	99,332
New Romanian leu	5,194	-	14,684	(2)	-	19,876
New Taiwan dollar	(8,656)	258,680	-	64	-	250,088
New Zealand dollar	255	3,320	-	-	-	3,575
Norwegian krone	206	57,425	-	-	-	57,631
Peruvian nuevo sol	(12,382)	-	19,523	177	-	7,318
Philippine peso	5,291	6,386	-	-	-	11,677
Polish zloty	11,444	14,370	24,260	(151)	(214)	49,709
Qatari riyal	2	4,584	-	-	-	4,586
Russian ruble	646	-	-	-	-	646
Saudi riyal	527	21,527	-	-	-	22,054
Serbian dinar	913	-	-	-	-	913
Singapore dollar	(6,998)	46,279	-	16	-	39,297
South African rand	(5,650)	27,928	53,722	(60)	64	76,004
South Korean won	(11,360)	165,688	-	251	246	154,825
Swedish krona	249	129,881	-	-	-	130,130
Swiss franc	592	235,435	-	-	-	236,027
Thai baht	6,367	17,014	20,350	3	27	43,761
Turkish lira	15,789	8,611	7,740	(81)	-	32,059
United Arab Emirates dirham	193	13,091	-	-	-	13,284
Uruguayan peso uruguayo	(2,559)	-	3,067	26	-	534
Total Investments Held in Foreign Currency	**$ 34,893**	**$ 4,585,502**	**$ 424,690**	**$ (5,486)**	**$ 404,248**	**$ 5,443,847**

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Highly-Sensitive Investments

Highly-sensitive investments are certain debt investments whose terms may cause their fair value to be highly-sensitive to market interest rate changes. Terms include embedded options, coupon multipliers, benchmark indexes, and reset dates. LACERS asset-backed investments have embedded prepayment options that will typically cause prepayments by the obligees of the underlying investments when interest rates fall. Prepayments eliminate the stream of future interest payments and, therefore, diminish the fair value of the asset-backed investment. The following table shows the fair value of LACERS asset-backed investments by investment type (in thousands):

Investment Type	Fair Value
Asset-Backed Securities	$ 88,581
Commercial Mortgage-Back Securities	100,612
Government Agencies	70,854
Government Mortgage-Back Securities	631,346
Non-Government Backed C.M.O.s	33,389
Total Asset-Backed Investments	**$ 924,782**

Fair Value Measurements

LACERS follows GASB Statement No. 72 (GASB 72), *Fair Value Measurements and Application*. GASB 72 addresses accounting and financial reporting issues related to fair value measurements and disclosures. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either a government's principal or the most advantageous market at the measurement date.

The System's investments are measured and reported within the fair value hierarchy established by US GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Inputs to the valuation include: 1) quoted prices for similar assets or liabilities in active markets; 2) quoted prices for identical or similar assets or liabilities in markets that are not active; 3) inputs other than quoted prices that are observable for the asset or liability; and 4) market-corroborated inputs.

Level 3 inputs are unobservable inputs for an asset or liability where there are little market activities. The inputs into the determination of fair value are based upon the best information in the circumstances and may require management judgment or estimation.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Schedule of Investments by Fair Value Hierarchy

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 or 3 of the fair value hierarchy are valued using a matrix pricing technique based on the availability of the market price, the pricing source and type, and the country of incorporation of the securities. The hierarchy levels are determined based on the level of corroborative information obtained from other market sources to assert that the prices provided represent observable data.

The exchange traded Future Contracts classified in Level 1 of the fair value hierarchy are valued using a daily settlement when available or as a daily mark to market. The Foreign Exchange Contracts (liabilities) classified in Level 2 of the fair value hierarchy are valued using independent pricing services including London Close Mid-evaluation, WM/Reuters Company, Bloomberg, and Thomson Reuters.

Real estate funds classified in Level 3 of the fair value hierarchy are valued based on periodic appraisals in accordance with industry practice, or other valuation methods and techniques including models.

The System's remaining investments not categorized under the fair value hierarchy, such as private equity partnerships, real estate comingled funds and other investments which do not have a readily determinable fair value have been valued at the Net Asset Value (NAV). NAV is calculated and used as a practical expedient to estimate fair value of LACERS' interest, unless it is probable that all or a portion of the investments will be sold for an amount different from the NAV. As of June 30, 2024, LACERS had no specific plans to sell investments at amounts different from NAV. These investments are disclosed in the Investments Measured at the NAV on page 55.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

The System has the following recurring fair value measurements as of June 30, 2024 (in thousands):

		Fair Value Measurements Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
Government bonds	$ 2,375,003	$ -	$ 2,371,377	$ 3,626
Government agencies	70,854	-	70,854	-
Municipal/provincial bonds	14,243	-	14,243	-
Corporate bonds	1,384,142	-	1,376,223	7,919
Bank loans	142,719	-	142,719	-
Government mortgage bonds	631,346	-	631,346	-
Commercial mortgage bonds	100,612	-	100,612	-
Opportunistic Debts	142,282	-	-	142,282
Funds - Fixed Income ETF	-	-	-	-
Total debt securities	4,861,201	-	4,707,374	153,827
Equity securities:				
Common stock:				
Basic industries	1,518,528	1,518,418	-	110
Capital good industries	507,323	507,019	-	304
Consumer & services	2,131,645	2,131,505	4	136
Energy	628,955	628,727	-	228
Financial services	1,527,243	1,526,978	55	210
Health care	984,197	984,097	-	100
Information technology	1,988,610	1,988,481	-	129
Real Estate	761,083	760,958	-	125
Other funds - Common Stock	882,311	-	882,311	-
Miscellaneous	2,258	-	-	2,258
Total Common Stock	10,932,153	10,046,183	882,370	3,600
Preferred Stock	48,946	48,946	-	-
Stapled Securities	5,442	5,442	-	-
Convertible Equity	910	910	-	-
Total equity securities	10,987,451	10,101,481	882,370	3,600
Real estate funds	426,499	-	-	426,499
Total investments by fair value level	16,275,151	$ 10,101,481	$ 5,589,744	$ 583,926
Investments measured at the net asset value (NAV):				
Common funds assets	599,315			
Private equity funds	4,447,057			
Real estate funds	822,545			
Opportunistic debt	377,652			
Total investments measured at the NAV	6,246,569			
Total investments measured at fair value[(1)]	$ 22,521,720			
Investment derivative instruments:				
Future contracts (liabilities)	$ (3)	$ (3)	$ -	$ -
Foreign exchange contracts	(2,422)	-	(2,422)	-
Rights/warrants/options/swaps	(5,653)	(5,195)	(459)	1
Total investment derivative instruments	$ (8,078)	$ (5,198)	$ (2,881)	$ 1

[(1)] Excluded $(8,078,000) of investment derivative instruments (shown separately) and $160,397,000 of securities lending collateral.

Note 6. Cash and Short-Term Investments and Investments *(continued)*

Investments measured at the net asset value (NAV): (in thousands)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Common fund assets (1)	$ 599,315	$ -	Daily	2 days
Private equity funds (2)	4,447,057	1,889,717	N/A	N/A
Real estate funds (3)	822,545	254,503	Daily, Quarterly	1-90 days
Opportunistic debts (4)	377,652	-	Monthly	30 days
Total investments measured at the NAV	$ 6,246,569	$ 2,144,220		

(1) Common fund assets - This investment type includes one fund that primarily invests in U.S. bonds. The fair value of the investment has been determined using a practical expedient based on the investments' NAV per share (or its equivalent). This investment can be redeemed daily, with a two-day advance redemption notice period.

(2) Private equity funds - This investment type includes 327 closed-end commingled private equity funds that invest primarily in securities of privately held U.S. and non-U.S. companies. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). These investments are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as the underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 13 years, depending on the vintage year of each fund.

(3) Real estate funds - This investment type includes 22 commingled real estate funds that invest primarily in U.S. commercial real estate. The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). Nine investments, representing approximately 84.3% of the value of this investment type, are in open-end funds, which may be redeemed according to terms specific to each fund. Redemptions generally are subject to the funds' available cash and redemption queues. Thirteen investments, representing approximately 15.7% of the value of this investment type, are in closed-end funds and are not redeemable. It is expected that these investments will be held for the entire lives of the funds and will not be sold in the secondary market. Distributions from each fund will be received as underlying assets are liquidated by the fund managers. It is expected that the underlying assets of these funds will be liquidated over the next one to 12 years, depending on the vintage year of each fund.

(4) Opportunistic debts - This investment type includes two commingled funds: one that invests primarily in senior loans of non-investment grade companies (senior loan fund) and another one invests primarily in the securities and obligations of companies experiencing operational or financial distress (distressed investment fund). The fair values of these investments have been determined using a practical expedient based on the investments' NAV per share (or its equivalent). The senior loan fund, representing approximately 99.8% of the value of this investment type, can be redeemed monthly. The distressed investment fund, representing approximately 0.2% of the value of this investment type, is being dissolved and is no longer making new underlying investments. Distributions from this fund will be received as underlying investments are liquidated by the fund manager. The fund is still being liquidated.

Note 7. Securities Lending Agreement

Under authority granted by the City Charter, LACERS has entered into various short-term arrangements with its custodian to lend securities to various brokers. There are no restrictions on the number of securities that may be lent, and the custodian determines which lenders' accounts to lend securities from by using an impartial sequential system that matches loan requests with various lenders' accounts. All lenders are deemed to have relatively equal opportunity to profit from the lending of securities. Therefore, should a collateral deficiency occur beyond the custodian's responsibilities, the deficiency is allocated pro rata among all lenders.

Minimum collateralization is 102% of the fair value of the borrowed U.S. securities and 105% for international securities. Collateral consists of cash, government and corporate securities, and commercial bank obligations. Cash collateral is invested in a separate account comprised of money market or high-quality short-term investments. It is the responsibility of the custodian to monitor the collateralization on a daily basis. If the collateral is below the minimum collateralization level, additional collateral will be requested from the borrower to meet the requirement. Collateral requested each morning is required to be received on the same day. If the borrower fails to deliver additional collateral, the custodian would notify the borrower that they are in default under the securities lending agreement. If the borrower does not provide the necessary collateral after receiving notification, the legal agreement allows the custodian to close the contract with the borrower and buy-in the securities on behalf of LACERS.

The borrower has all incidents of ownership with respect to borrowed securities and collateral, including the right to vote and transfer or loan borrowed securities to others. LACERS is entitled to receive all distributions which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify LACERS as a result of the custodian's failure to: 1) make a reasoned determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action; 2) demand adequate collateral; or 3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examination Council Supervisory Policy on Securities Lending. As of June 30, 2024, the fair value of the securities on loan was $900,296,000. The fair value of associated collateral was $950,296,000 ($160,397,000 of cash collateral and $789,899,000 of non-cash collateral). These agreements provide for the return of the securities and revenue determined by the type of collateral received.

During the reporting period, LACERS had no losses on securities lending transactions resulting from default of a borrower or lending agent. Due to the nature of the securities lending program and the custodian bank's collateralization of loans at amounts greater than the fair value of the loaned securities, it is deemed that there were no material credit risks to LACERS as defined in GASB Statement No. 28 and GASB Statement No. 40 by its participation in the securities lending program. However, similar to any other investment portfolio, there is risk associated with investing cash collateral in securities. The value of the invested collateral may fall below the value of the cash collateral pledged by the borrowers and may impair LACERS ability to return cash collateral to the borrowers upon the redemption of loans. If this scenario were to occur, LACERS would be required to make up the deficiency in collateral and would incur a loss.

All securities loans can be terminated on demand by either LACERS or the borrower. Because of this nature, their duration did not generally match the duration of the investment made with the cash collateral. LACERS cannot pledge or sell non-cash collateral unless the borrower defaults.

For loaned securities for which LACERS received cash collateral, the following table represents the fair value of securities on loan, corresponding cash collateral received and cash reinvestment value, as of June 30, 2024 (in thousands):

Note 7. Securities Lending Agreement *(continued)*

Securities on Loan	Fair Value of Underlying Securities on Loan	Cash Collateral Received	Collateral Reinvestment Value
U.S. Government & Agency Securities	$ 6,860	$ 7,052	$ 7,052
Domestic Corporate Fixed Income Securities	87,576	89,988	89,988
International Fixed Income Securities	10,196	11,056	11,056
Domestic Stocks	26,422	27,184	27,184
International Stocks	23,863	25,117	25,117
Total	**$ 154,917**	**$ 160,397**	**$ 160,397**

The fair value of cash collateral is reported in the Statement of Fiduciary Net Position. However, the non-cash collateral, which LACERS does not have the ability to sell unless the borrower defaults, is not reported in the Statement of Fiduciary Net Position.

The Security Lending Program risk-reducing strategies aim to minimize potential losses due to unusual and more volatile market conditions as a result of COVID pandemic adopted by the Board on April 28, 2020, continue to remain in place as of the fiscal year ended June 30, 2024. These strategies include (1) temporarily reducing the volume of loans in order to reduce LACERS overall exposure; (2) shorten the duration and maturity of individual investments to 60 days; and (3) require a non-U.S. country to hold a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) in order for non-U.S. government or corporate debt to be eligible for investment.

During fiscal year ended June 30, 2024, LACERS income and expenses related to securities lending were $3,865,000 and $579,000 respectively, a decrease of 11.8%, or $441,000 from prior fiscal year's net security lending income (income net of expenses).

Note 8. Future and Forward Contracts

LACERS uses derivative financial instruments, primarily to manage portfolio risk. Future and forward contracts are marked to market and are recorded in the Statement of Fiduciary Net Position at fair value. Future contracts have little credit risk, as organized exchanges are the guarantors. Forward agreements are subject to the creditworthiness of the counterparties, which are principally large financial institutions (refer to Note 6 – Credit Risk - Derivatives).

As of June 30, 2024, LACERS had outstanding equity index, and interest rate future contracts with an aggregate negative notional amount of $37,753,000. In addition, on June 30, 2024, LACERS had outstanding forward purchase commitments with a notional amount of $624,689,000 and offsetting forward sales commitments with notional amounts of $624,689,000, which expire in October 2024. LACERS maintains margin collateral on the positions with brokers, consisting of cash and U.S. Treasury Bills. The total collateral margin was $49,103,000 as of June 30, 2024.

Note 9. Capital Assets

The System's capital assets include land, building, furniture, office and technology equipment, computer software and subscription asset. The cost and related accumulated depreciation/amortization as of the fiscal year ended June 30, 2024, and 2023 (dollars in thousands) are presented below:

	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Capital Assets Not Depreciated / Amortized				
Land	$ 4,023	$ -	$ -	$ 4,023
Total Capital Assets Not Depreciated / Amortized	**4,023**	**-**	**-**	**4,023**
Capital Assets Depreciated / Amortized				
Building and Improvements	49,236	-	-	49,236
Furniture, Office & Technology Equipment	4,030	583	-	4,613
Computer Software	9,413	-	-	9,413
Subscription Asset	452	23	-	475
Total Capital Assets Depreciated / Amortized	**63,131**	**606**	**-**	**63,737**
Less: Accumulated Depreciation / Amortization				
Building	(492)	(1,970)	-	(2,462)
Furniture, Office & Technology Equipment	(2,586)	(308)	-	(2,894)
Computer Software	(3,335)	(629)	-	(3,964)
Subscription Asset	(15)	(83)	-	(98)
Total Accumulated Depreciation/Amortization	**(6,428)**	**(2,990)**	**-**	**(9,418)**
Total Capital Assets Depreciated / Amortized, Net	**56,703**	**(2,384)**	**-**	**54,319**
Total Capital Assets, Net	**$ 60,726**	**$ (2,384)**	**$ -**	**$ 58,342**

Note 10. Leases

LACERS as a Lessee

In accordance with the Governmental Accounting Standards Board No. 87, *Leases*, the System has evaluated all potential lease agreements wherein it acts as a lessee. During the fiscal year, there were no new and existing lease contracts identified that would result in the recognition of lease liabilities and right-to-use leased assets.

LACERS as a Lessor

The System entered into a cell tower/antenna placement agreement under a five-year extended term expiring on November 30, 2023, with an option to automatically renew for four separate consecutive additional periods of five years. The total amount of inflow of resources, including lease revenue, interest revenue and other lease related inflows, recognized during the fiscal year was $62,000. This total includes $25,000 of variable and other payments not previously included in the measurement of the lease receivable.

Note 11. Subscription-Based Information Technology Arrangements (SBITA)

The System entered into a subscription-based information technology arrangements (SBITA) with various vendors that provides the System, the right to use their software and licenses over a period of three years that included option to renew for another term. As of the reporting period, the total carrying value of the subscription asset is $475,000 with related accumulated amortization of $98,000 while the outstanding subscription liability is $297,000. The total amount of outflows of resources recognized and accrued for the reporting period is $12,000. The subscriptions' principal and interest requirements to maturity are as follows (dollars in thousands):

Fiscal Year	Payment	Principal	Interest
2025	$ 68	$ 61	$ 7
2026	143	128	15
2027	57	53	4
2028	57	55	2
Total	**$ 325**	**$ 297**	**$ 28**

Note 12. Commitments and Contingencies

As of June 30, 2024, LACERS was committed to future purchases of real estate and private equity investments at an aggregate cost of approximately $2,144,220,000, including agreements for acquisition not yet initiated.

Note 13. Subsequent Events

Date of Management's Review

The potential for subsequent events was evaluated through December 12, 2024, which was the date of management's review.

Charter Amendment FF

On November 5, 2024, Charter Amendment FF, a ballot measure that authorizes the City Council to amend the Charter to provide a process whereby certain City employees who are sworn peace officers and perform peace officer duties for the City's Police, Airports, Harbor and Recreation and Parks Departments that are Members of LACERS, and are actively employed on January 12, 2025, may make a one-time election to transfer into Los Angeles Fire and Police Pensions' (LAFPP) Tier 6 appears to passed. As of the date of this report, the election results have not been certified and the related implementing Ordinance for City Council's approval has not been drafted. Consequently, the impact on the membership, funding and operation remains uncertain. The System will evaluate the measure's potential effects on its financial statement once the results are certified and further legislative actions are taken.

Retirement Plan

The following schedules included in the Required Supplementary Information for the Retirement Plan shows information for 10 years.

1) Schedule of Net Pension Liability
2) Schedule of Changes in Net Pension Liability and Related Ratios
3) Schedule of Investment Returns (Losses)

Schedule of Net Pension Liability [1]
As of June 30
(Dollars in Thousands)

Fiscal Year	Total Pension Liability	Plan Fiduciary Net Position	Plan's Net Pension Liability	Plan Fiduciary Net Position as a percentage of the Total Pension Liability
2015	$ 16,909,996	$ 11,920,570	$ 4,989,426	70.5%
2016	17,424,996	11,809,329	5,615,667	67.8%
2017	18,458,188	13,180,516	5,277,672	71.4%
2018	19,944,578	14,235,230	5,709,348	71.4%
2019	20,793,421	14,815,593	5,977,828	71.3%
2020	22,527,195	14,932,404	7,594,791	66.3%
2021	23,281,893	18,918,136	4,363,757	81.3%
2022	24,078,751	17,013,091	7,065,660	70.7%
2023	25,299,537	17,953,293	7,346,244	71.0%
2024	26,492,518	19,144,037	7,348,481	72.3%

[1] In calculating the Plan’s net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension benefits (Family Death and Larger Annuity Benefits) were excluded.

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net Pension Liability and Related Ratios.

Retirement Plan *(continued)*

Schedule of Changes in Net Pension Liability and Related Ratios [1]
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2024	2023	2022	2021	2020
Total Pension Liability					
Service cost [2]	$ 461,844	$ 412,247	$ 413,863	$ 451,426	$ 374,967
Interest	1,758,842	1,671,683	1,617,800	1,570,785	1,499,208
Changes of benefit terms	-	-	-	-	-
Differences of expected and actual experience	242,434	469,172	(66,172)	(189,822)	308,184
Changes of assumptions	-	(112,700)	-	-	530,720
Benefit payments, including refunds of Member contributions	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)	(979,305)
Net change in total pension liability	1,192,981	1,220,786	796,858	754,698	1,733,774
Total pension liability-beginning	25,299,537	24,078,751	23,281,893	22,527,195	20,793,421
Total pension liability-ending (a)	$ 26,492,518	$ 25,299,537	$ 24,078,751	$ 23,281,893	$ 22,527,195
Plan fiduciary net position					
Contributions-employer	$ 714,338	$ 669,391	$ 591,234	$ 554,856	$ 553,118
Contributions-Member	275,717	257,968	241,876	252,123	259,817
Net investment income (loss)[4]	1,503,281	1,261,073	(1,542,473)	4,283,202	306,712
Benefit payments, including refunds of Member contributions	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)	(979,305)
Administrative expenses	(32,453)	(28,614)	(27,033)	(26,758)	(23,531)
Others [3]	-	-	(16)	-	-
Net change in Plan fiduciary net position	1,190,744	940,202	(1,905,045)	3,985,732	116,811
Plan fiduciary net position-beginning	17,953,293	17,013,091	18,918,136	14,932,404	14,815,593
Plan fiduciary net position-ending (b)	$ 19,144,037	$ 17,953,293	$ 17,013,091	$ 18,918,136	$ 14,932,404
Plan's net pension liability-ending (a)-(b)	**$ 7,348,481**	**$ 7,346,244**	**$ 7,065,660**	**$ 4,363,757**	**$ 7,594,791**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	72.3%	71.0%	70.7%	81.3%	66.3%
Covered payroll	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768	$ 2,271,039
Plan's net pension liability as a percentage of covered payroll	298.7%	318.4%	327.9%	191.7%	334.4%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position, amounts associated with non-pension benefits (Family Death and Larger Annuity Benefits) were excluded.

(2) The service cost is based on the previous year's valuation.

(3) In fiscal year 2022, a prior period adjustment was made related to the implementation of GASB 87 – Lease, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Retirement Plan *(continued)*

Schedule of Changes in Net Pension Liability and Related Ratios [1] *(continued)*
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost [2]	$ 370,409	$ 352,283	$ 340,759	$ 322,574	$ 322,380
Interest	1,439,661	1,332,878	1,302,278	1,263,556	1,215,151
Changes of benefit terms	-	25,173	-	-	-
Differences of expected and actual experience	(46,035)	144,224	(146,474)	(300,813)	(135,821)
Changes of assumptions	-	483,717	340,718	-	-
Benefit payments, including refunds of Member contributions	(915,192)	(851,885)	(804,089)	(770,317)	(740,567)
Net change in total pension liability	848,843	1,486,390	1,033,192	515,000	661,143
Total pension liability-beginning	19,944,578	18,458,188	17,424,996	16,909,996	16,248,853
Total pension liability-ending (a)	$ 20,793,421	$ 19,944,578	$ 18,458,188	$ 17,424,996	$ 16,909,996
Plan fiduciary net position					
Contributions-employer	$ 478,717	$ 450,195	$ 453,356	$ 440,546	$ 381,141
Contributions-Member	237,087	230,757	221,829	206,377	202,463
Net investment income (loss) [4]	799,351	1,243,817	1,517,545	29,358	306,980
Benefit payments, including refunds of Member contributions	(915,192)	(851,885)	(804,089)	(770,318)	(740,567)
Administrative expenses	(19,600)	(17,699)	(17,454)	(17,204)	(15,860)
Others [3]	-	(471)	-	-	(4,666)
Net change in Plan fiduciary net position	580,363	1,054,714	1,371,187	(111,241)	129,491
Plan fiduciary net position-beginning	14,235,230	13,180,516	11,809,329	11,920,570	11,791,079
Plan fiduciary net position-ending (b)	$ 14,815,593	$ 14,235,230	$ 13,180,516	$ 11,809,329	$ 11,920,570
Plan's net pension liability-ending (a)-(b)	**$ 5,977,828**	**$ 5,709,348**	**$ 5,277,672**	**$ 5,615,667**	**$ 4,989,426**
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	71.3%	71.4%	71.4%	67.8%	70.5%
Covered payroll	$ 2,108,171	$ 2,057,565	$ 1,973,049	$ 1,876,946	$ 1,835,637
Plan's net pension liability as a percentage of covered payroll	283.6%	277.5%	267.5%	299.2%	271.8%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

(2) The service cost is based on the previous year's valuation.

(3) On July 1, 2015, the System segregated Members' voluntary larger annuity contributions into the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by the System's actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was $5,200,000. On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Retirement Plan *(continued)*

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018 calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 36). Enhanced benefits became effective as of January 7, 2018.

Change of Assumptions: The total pension liability calculation on fiscal years ended June 30, 2014, June 30, 2017, June 30, 2020 and June 30, 2023 reflected various assumption changes based on the triennial actuarial experience study. The latest experience study covering the period July 1, 2019 to June 30, 2022 resulted to changes of assumptions used in the June 30, 2023 actuarial valuation. The changes include inflation rate reduction from 2.75% to 2.50% and various demographic assumption changes such as retirement, mortality, disability and termination rates.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contributions Deficiency / (Excess)	Covered Payroll[1]	Contributions as a Percentage of Covered Payroll
2015	$ 381,141	$ 381,141	-	$ 1,835,637	20.8%
2016	440,546	440,546	-	1,876,946	23.5%
2017	453,356	453,356	-	1,973,049	23.0%
2018	450,195	450,195	-	2,057,565	21.9%
2019	478,717	478,717	-	2,108,171	22.7%
2020	553,118	553,118	-	2,271,039	24.4%
2021	554,856	554,856	-	2,276,768	24.4%
2022	591,234	591,234	-	2,155,005	27.4%
2023	669,391	669,391	-	2,307,336	29.0%
2024	714,338	714,338	-	2,460,394	29.0%

Notes to Schedule:

Valuation Date Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported (the June 30, 2022 valuation sets the rates for the 2023-2024 fiscal year).

Methods and Assumptions Used to Establish the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2024 (based on June 30, 2022 Valuation):

Actuarial Cost Method Entry Age Actuarial Cost Method (individual basis).

Amortization Method Level Percent of Payroll.

Retirement Plan *(continued)*

Amortization Period	Multiple layers – closed amortization periods. Actuarial gains/losses are amortized over 15 years. Assumption or method changes are amortized over 20 years. Plan changes, including the 2009 Early Retirement Incentive Program (ERIP), are amortized over 15 years. Future ERIPs will be amortized over five years. Any actuarial surplus is amortized over 30 years. The existing layers on June 30, 2012, except those arising from the 2009 ERIP and the two Governmental Accounting Standards Board (GASB) Statements No. 25/27 layers, were combined and amortized over 30 years.
Asset Valuation Method	The actuarial value of assets is equal to the fair value of assets less unrecognized returns from each of the last seven years. The unrecognized return each year is equal to the difference between the actual and expected returns on the fair value, recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within the 40% of the fair value of assets.

Actuarial Assumptions (Used in the June 30, 2022 Valuation):

Investment Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases[1]	Ranges from 4.25% to 9.95% based on years of service.
Cost of Living Adjustment	2.75% for Tier 1; 2.00% for Tier 3. Actual increases are contingent upon Consumer Price Index (CPI) increases with a 2.75% maximum for Tier 1 and a 2.00% maximum for Tier 3. For Tier 1 members with sufficient COLA bank, withdrawals from the bank can be made to increase retiree COLA up to 3% per year.
Mortality	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables (separate tables for males and females) with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. Beneficiaries Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019.

[1] Includes inflation at 2.75% plus across-the-board salary increase of 0.50% plus merit and promotional increases.

Retirement Plan *(continued)*

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2024	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expenses	8.1%	7.1%	(8.0%)	27.5%	2.0%

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expenses	5.5%	9.3%	12.6%	0.2%	2.6%

Note to Schedule:

In fiscal years 2020 to 2023, the impact of highly divergent and volatile global market in LACERS' investments continued resulting from the economic distress caused by the COVID-19 pandemic that started in 2020, the subsequent strong market recovery in 2021, the sharp decline in 2022 brought by the inflation concerns and the gradual market recovery in 2023.

Postemployment Health Care Plan

The schedules included in the Required Supplementary Information for the Postemployment Health Care Plan are intended to show information for 10 years. However, the following schedules do not have a full 10-year trend, and therefore, Los Angeles City Employees' Retirement System (LACERS or the System) presented information only for those years for which information is available:

1) Schedule of Net OPEB (Asset) Liability
2) Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
3) Schedule of Investment Returns (Losses)

Additional years will be displayed in the future as they become available.

Schedule of Net OPEB (Asset) Liability
As of June 30
(Dollars in Thousands)

Fiscal Year	Total OPEB Liability	Plan Fiduciary Net Position	Plan's Net OPEB Liability	Plan Fiduciary Net Position as a percentage of the Total OPEB Liability
2016	$ 2,793,689	$ 2,134,877	$ 658,812	76.4%
2017	3,005,806	2,438,862	566,944	81.1%
2018	3,256,827	2,676,371	580,456	82.2%
2019	3,334,299	2,812,098	522,201	84.3%
2020	3,486,530	2,851,204	635,326	81.8%
2021	3,520,078	3,781,652	(261,574)	107.4%
2022	3,580,696	3,347,771	232,925	93.5%
2023	3,405,088	3,540,386	(135,298)	104.0%
2024	3,570,148	3,796,165	(226,017)	106.3%

Note to Schedule:

Refer to the notes to the Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios.

Postemployment Health Care Plan *(continued)*

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2024	2023	2022	2021	2020
Total OPEB Liability					
Service cost[1]	$ 96,467	$ 81,028	$ 81,415	$ 84,817	$ 76,423
Interest	239,773	250,838	246,694	244,776	242,666
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(38,374)	(12,048)	(369)	10,672	(135,720)
Changes of assumptions	22,296	(336,075)	(109,877)	(157,614)	96,076
Benefit payments[2]	(155,102)	(159,351)	(157,245)	(149,103)	(127,214)
Net change in total OPEB liability	165,060	(175,608)	60,618	33,548	152,231
Total OPEB liability-beginning	3,405,088	3,580,696	3,520,078	3,486,530	3,334,299
Total OPEB liability-ending (a)	$ 3,570,148	$ 3,405,088	$ 3,580,696	$ 3,520,078	$ 3,486,530
Plan fiduciary net position					
Contributions-employer	$ 97,094	$ 90,581	$ 91,623	$ 103,454	$ 112,136
Net investment income (loss)[3]	322,658	269,611	(360,636)	983,522	60,899
Benefit payments[2]	(155,102)	(159,351)	(157,245)	(149,103)	(127,214)
Administrative expense	(8,871)	(8,226)	(7,619)	(7,425)	(6,715)
Others[4]	-	-	(4)	-	-
Net change in Plan fiduciary net position	255,779	192,615	(433,881)	930,448	39,106
Plan fiduciary net position-beginning	3,540,386	3,347,771	3,781,652	2,851,204	2,812,098
Plan fiduciary net position-ending (b)	$ 3,796,165	$ 3,540,386	$ 3,347,771	$ 3,781,652	$ 2,851,204
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ (226,017)**	**$ (135,298)**	**$ 232,925**	**$ (261,574)**	**$ 635,326**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	106.3%	104.0%	93.5%	107.4%	81.8%
Covered payroll	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768	$ 2,271,039
Plan's net OPEB (asset) liability as a percentage of covered payroll	(9.2%)	(5.9%)	10.8%	(11.5%)	28.0%

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

(4) In fiscal year 2022, a prior period adjustment was made related to the implementation of GASB 87 – Leases, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

Postemployment Health Care Plan *(continued)*

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios *(continued)*
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2019	2018	2017	2016
Total OPEB Liability				
Service cost[1]	$ 74,478	$ 74,611	$ 68,385	$ 62,360
Interest	236,678	218,686	210,170	199,078
Changes of benefit terms	-	948	-	17,215
Differences between expected and actual experience[2]	(134,053)	(7,321)	19,666	(22,013)
Changes of assumptions	33,940	92,178	33,512	-
Benefit payments[3]	(133,571)	(128,081)	(119,616)	(109,940)
Net change in total OPEB liability	77,472	251,021	212,117	146,700
Total OPEB liability-beginning	3,256,827	3,005,806	2,793,689	2,646,989
Total OPEB liability-ending (a)	$ 3,334,299	$ 3,256,827	$ 3,005,806	$ 2,793,689
Plan fiduciary net position				
Contributions-employer	$ 107,927	100,909	97,457	105,983
Net investment income (loss)[4]	166,470	269,380	330,708	(344)
Benefit payments[3]	(133,571)	(128,081)	(119,616)	(109,940)
Administrative expense	(5,099)	(4,699)	(4,564)	(4,528)
Net change in Plan fiduciary net position	135,727	237,509	303,985	(8,829)
Plan fiduciary net position-beginning	2,676,371	2,438,862	2,134,877	2,143,706
Plan fiduciary net position-ending (b)	$ 2,812,098	$ 2,676,371	$ 2,438,862	$ 2,134,877
Plan's net OPEB (asset) liability-ending (a)-(b)	**$ 522,201**	**$ 580,456**	**$ 566,944**	**$ 658,812**
Plan fiduciary net position as a percentage of the total OPEB liability (b)/(a)	84.3%	82.2%	81.1%	76.4%
Covered payroll	$ 2,108,171	$ 2,057,565	$ 1,973,049	$ 1,876,946
Plan's net OPEB (asset) liability as a percentage of covered payroll	24.8%	28.2%	28.7%	35.1%

(1) The service cost is based on the previous year's valuation.

(2) After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

(3) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(4) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment-related administrative expenses is part of Administrative expenses and excluded from Net investment Income.

Postemployment Health Care Plan *(continued)*

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 is primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on page 42 while the June 30, 2018 increase is primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 36) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Schedule of Contribution History
(Dollars in Thousands)

Fiscal Year	Actuarially Determined Contributions (ADC)	Contributions in Relation to ADC	Contributions Deficiency / (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 100,467	$ 100,467	-	$ 1,835,637	5.5%
2016	105,983	105,983	-	1,876,946	5.7%
2017	97,457	97,457	-	1,973,049	4.9%
2018	100,909	100,909	-	2,057,565	4.9%
2019	107,927	107,927	-	2,108,171	5.1%
2020	112,136	112,136	-	2,271,039	4.9%
2021	103,454	103,454	-	2,276,768	4.5%
2022	91,623	91,623	-	2,155,005	4.3%
2023	90,581	90,581	-	2,307,336	3.9%
2024	97,094	97,094	-	2,460,394	4.0%

Notes to Schedule:

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which the contributions are reported (the June 30, 2022 valuation sets the rates for the 2023-2024 fiscal year).

Methods and Assumptions Used to Establish the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2024 (based on June 30, 2022 Valuation):

Actuarial Cost Method	Entry Age Actuarial Cost Method (level percent of payroll).
Amortization Method	Level Percent of Payroll.

Postemployment Health Care Plan *(continued)*

Amortization Period	Multiple layers – closed amortization periods. The unfunded actuarial accrued liability as of June 30, 2020, is amortized over a fixed period of 21 years beginning June 30, 2021. Assumption changes resulting from the triennial experience study will be amortized over 20 years. Health trend and premium assumption changes, plan changes, and gains and losses will be amortized over 15 years. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis.
Asset Valuation Method	Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% or greater than 140% of the market value of assets.

Actuarial Assumptions (Used in the June 30, 2022 Valuation):

Investment Rate of Return	7.00%
Inflation	2.75%
Real Across-the-Board Salary Increase	0.50%
Projected Salary Increases[1]	Ranges from 4.25% to 9.95% based on years of service.
Mortality	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 10% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. Beneficiaries: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2019

[1] Includes inflation at 2.75%, plus across-the-board salary increase of 0.50% plus merit and promotional increases

Postemployment Health Care Plan *(continued)*

Schedule of Investment Returns (Losses)
For the Fiscal Years Ended June 30

	2024	2023	2022	2021	2020
Annual money-weighted rate of return, net of investment expenses	10.1%	9.0%	(10.5%)	39.9%	2.1%

	2019	2018	2017
Annual money-weighted rate of return, net of investment expenses	6.1%	10.8%	15.2%

Note to Schedule:

The required disclosure about factors that significantly affect trends in the money-weighted rate of return is not provided as only eight years' rates are available. As additional years' money-weighted rate of return become available, the System will disclose factors that significantly affect trends in the rate of return.

In fiscal years 2020 to 2023, the impact of highly divergent and volatile global market in LACERS' investments continued resulting from the economic distress caused by the COVID-19 pandemic that started in 2020, the subsequent strong market recovery in 2021, the sharp decline in 2022 brought by the inflation concerns and the gradual market recovery in 2023.

Schedule of Additions and Deductions to Fiduciary Net Position
Postemployment Health Care Plan
For the Fiscal Year Ended June 30, 2024
(In Thousands)

	401(h)	115 Trust	Total
Additions			
Contributions			
City Contributions	$ -	$ 97,094	$ 97,094
Member Contributions	-	-	-
Total Contributions	-	97,094	97,094
Self Funded Insurance Premium	-	12,934	12,934
Health Insurance Premium Reserve	-	2,125	2,125
Investment Income (Loss)			
Net Appreciation (Depreciation) in Fair Value of Investments, Including Gain and Loss on Sales	227,674	44,704	272,378
Interest	29,840	5,859	35,699
Dividends	25,771	5,060	30,831
Other Investment Income	7,996	1,570	9,566
Security Lending Income	470	93	563
Less: Security Lending Expense	(91)	(18)	(109)
Sub-total	291,660	57,268	348,928
Investment Management Fees and Expenses	(21,965)	(4,313)	(26,278)
Investment Related Administrative Expenses	(597)	(117)	(714)
Net Investment Income (Loss)	269,098	52,838	321,936
Building Lease and Other Income	7	1	8
Total Additions	**269,105**	**164,992**	**434,097**
Deductions			
Benefit Payments	158,081	12,080	170,161
Refunds of Contributions	-	-	-
Administrative Expenses	6,041	2,116	8,157
Total Deductions	**164,122**	**14,196**	**178,318**
Net Increase (Decrease) in Fiduciary Net Position	104,983	150,796	255,779
Fiduciary Net Position Restricted for Postemployment Health Care Benefits			
Beginning of year	3,050,906	489,480	3,540,386
End of year	**$ 3,155,889**	**$ 640,276**	**$ 3,796,165**

The accompanying notes are an integral part of these financial statements.

Schedule of Administrative Expenses
For the Fiscal Year Ended June 30, 2024
(In Thousands)

	Retirement Plan	Postemployment Health Care Plan	Total
Personnel Services:			
Salaries	$ 15,191	$ 3,520	$ 18,711
Employee Benefits and Development	6,733	1,560	8,293
Total Personnel Services	21,924	5,080	27,004
Professional Services:			
Actuarial	270	64	334
Audit	91	21	112
Legal Counsel	761	176	937
Disability Evaluation	120	28	148
Retirees' Health Admin Consulting	-	379	379
Benefit Payroll Processing	211	49	260
Self Funded Plan Administrative Fee	-	929	929
Other Consulting	255	59	314
Total Professional Services	1,708	1,705	3,413
Information Technology:			
Computer Hardware & Software	817	189	1,006
Computer Maintenance & Support	321	74	395
Total Information Technology	1,138	263	1,401
Other Expenses:			
Insurance	130	30	160
Educational and Due Diligence Travel	58	14	72
Office Expenses	32	8	40
Depreciation	2,427	562	2,989
Building Operating Exp	2,137	495	2,632
Total Other Expenses	4,784	1,109	5,893
Total Administrative Expenses	**$ 29,554**	**$ 8,157**	**$ 37,711**

Schedule of Investment Fees and Expenses
For the Year Ended June 30, 2024
(In Thousands)

Retirement Plan	Assets Under Management	Fees
Investment Management Fees:		
Fixed Income Managers	$ 4,876,326	$ 8,089
Equity Managers	9,170,436	24,165
Subtotal Investment Management Fees	14,046,762	32,254
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	932
Real Estate Consulting Fees	N/A	176
Other Consulting Fees	N/A	390
Investment Related Administrative Expenses	N/A	3,080
Subtotal Other Investment Fees and Expenses	N/A	4,578
Postemployment Health Care Plan		
Investment Management Fees:		
Fixed Income Managers	961,874	1,875
Equity Managers	1,808,905	5,600
Subtotal Investment Management Fees	2,770,779	7,475
Other Investment Fees and Expenses:		
Private Equity Consulting Fees	N/A	216
Real Estate Consulting Fees	N/A	41
Other Consulting Fees	N/A	90
Investment Related Administrative Expenses	N/A	714
Subtotal Other Investment Fees and Expenses	N/A	1,061
Total Investment Fees and Expenses excluding Private Equity and Real Estate	16,817,541	45,368
Private Equity Managers' Fees and Expenses:		
Retirement Plan	3,714,381	62,886
Postemployment Health Care Plan	732,676	14,573
Total Private Equity Managers' Fees and Expenses	4,447,057	77,459
Real Estate Managers' Fees and Expenses:		
Retirement Plan	1,043,257	16,758
Postemployment Health Care Plan	205,787	3,884
Total Real Estate Managers' Fees and Expenses	1,249,044	20,642
Total Assets Under Management and Fees	$ 22,513,642 [1]	$ 143,469 [2]

[1] Excluding Security Lending Collateral assets of $160,397,155. Total Investments including Security Lending Collateral was $22,674,038,925.

[2] Included Investment Management Fees and Expenses of $139,675,000 and Investment Related Administrative Expenses of $3,794,000.

Investment

December 12, 2024

Dear Members of the Board:

Presented below is a summary report of the System's investment activities for the fiscal year 2023-2024.

Market Overview

The 2024 fiscal year resulted in positive returns for the LACERS investment portfolio, with gains of 8.86% (gross of fees) for the one-year period ending June 30, 2024. This underperformed the policy benchmark return of 9.46%. Over the past fiscal year, consumer spending and confidence remained high as prices for goods trended moderately lower. With corporate earnings still showing growth prospects, the stock market outperformed due to a combination of robust household spending, lower inflationary pressures, and a resilient business environment. In addition, the overall healthy economic backdrop buoyed the labor market. While the frequency of job switching has cooled, there are still more jobs than candidates, pointing to continued optimism for growth.

During the past fiscal year, the Federal Reserve raised the federal funds rate once, by 25 basis points, bringing the overall rate to 5.50%. The focus has now shifted to the timing of upcoming rate cuts. The anticipated cuts caused a shift in the yield curve, where rates trended lower, causing existing bonds to outperform on the outlook of lower rate projections, which are viewed as stimulative to the economy and supportive to easing the affordability and supply constraints in the housing market.

Continued strength in the large-cap U.S. equity market, as measured by the S&P 500 Index, produced a return of 24.56%, a 4.97% increase over the prior fiscal year end return of 19.59%. U.S. small cap stocks, as measured by the Russell 2000 Index, gained 10.06% for the year, retreating slightly from the 12.31% return for the prior 12 months.

U.S. investment grade fixed income returns, as measured by the Bloomberg U.S. Aggregate Bond Index, returned 2.63%, a 3.57% increase from the prior fiscal year's -0.94% return. The outlook for the fixed income markets and lower overall interest rates acted as a tailwind for the U.S. High Yield Fixed Income Market as well; the Bloomberg U.S. High Yield Index, returned 10.43%, a 1.36% increase from the prior year.

International stocks also performed well, with developed equity markets, as measured by the MSCI EAFE Index, returning 11.54%, compared to 18.77% from the prior 12 months. Emerging markets stocks produced a 12.55% return, eclipsing the prior fiscal year's 1.75%. The solid returns can be attributed to China's rebound in economic activity aided by stimulus and consumer confidence as well as the impact and positive trajectory India's growth and productivity have played in the asset class.

Against the backdrop of higher borrowing costs, the blended private equity benchmark of the Russell 3000 and Cambridge Associates Global Private Equity and Venture Capital Index returned 4.83% while the NFI-ODCE benchmark, a measure of the real estate market, returned -8.51%. Transaction volumes are still recovering from a post-COVID environment, but there is continued optimism of M&A and real estate deal activity in the upcoming year.

Overall volatility decreased from the prior fiscal year as capital markets adjusted to a lower inflationary landscape coupled with lower interest rates in anticipation of the Federal Reserve's anticipated path of easing. As market conditions continue to evolve, it is important to acknowledge that LACERS is a long-term strategic investor with a carefully constructed, highly diversified portfolio designed to weather all market conditions.

Investment Performance

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

LACERS investments are reported at fair value. The total portfolio, comprised of investments, cash, and accrued dividends and income, was valued at $23.02 billion as of June 30, 2024, an increase of $1.49 billion from the prior fiscal year. The total portfolio realized an 8.86% return (gross of fees) for the fiscal year. Individual asset class returns (gross of fees) were U.S. Equity, 20.19%; Non-U.S. Equity, 10.71%; Core Fixed Income, 2.87%; Credit Opportunities, 8.35%; Real Assets, -1.84%; and Private Equity, 6.60%.

The total portfolio underperformed its policy benchmark by 60 basis points (gross of fees) for the fiscal year, with both U.S. and non-U.S. equity underperforming relative to their respective benchmarks. Real Assets had a negative return of -1.84% but experienced a slight improvement from the -1.92% return for the prior year.

The Investment Results table presented on page 80 provides a summary of time-weighted rates of return based on fair value of assets by asset class and for the total portfolio.

Policies, Procedures and Guidelines

During the 2023-2024 fiscal year, the Board approved investment policy revisions regarding the selection of managers for LACERS' private credit portfolio, which provided staff delegation to commit to new and existing private credit general partnership relationships up to and including $150 million. The advantages of this approach include the potential for first close discounts, an increased likelihood of receiving the full allocation requested during the commitment process, and improved access to funds that are in high demand with truncated closing deadlines.

In addition, the Board approved an Enforcement Action and Litigation Reporting Policy for disclosing and reporting investment manager and consultant conduct to the Board. The Policy will provide the Board an opportunity to receive timely reports of investment manager or consultant conduct where the information would be deemed material to the Board in its role as an investor.

LACERS also enhanced outreach efforts to emerging managers that have potential to add value to the LACERS portfolio but would otherwise not be identified through the standard search process. LACERS virtually hosted an Emerging Manager Symposium on April 3, 2024, to educate firms about LACERS' Emerging Investment Manager Program and investment manager search and selection processes. The spring symposium focused on a graduation theme and showcased two LACERS emerging investment managers that have graduated into the LACERS' core investment portfolio. Symposiums and networking forums will continue to be held on an annual basis.

Public Investment Manager Contract Awards, Renewals, and Terminations

As presented in the table on page 82, contracts with 13 investment managers of publicly traded securities were awarded or renewed during the fiscal year: one active non-U.S. emerging markets growth equities manager, one active U.S. bank loans manager, one active non-U.S. developed markets value equities manager, one active U.S. REITS manager, one U.S. treasury inflation protected securities manager, five active core fixed income managers, one active emerging market debt manager, one active hybrid high yield fixed income/U.S. floating rate bank loan manager, and one active emerging market debt manager. No contracts with investment managers of publicly traded securities were terminated during the fiscal year.

Private Investments

Also as presented in the table of page 82, LACERS approved 18 private equity partnership contracts, totaling $680 million of commitments, three private real estate partnership contracts, totaling $125 million of commitments, and two private credit partnership contracts, totaling $200 million of commitments during the fiscal year.

The pages that follow provide further details about the LACERS investment portfolio and investment activity for the fiscal year 2023-2024.

Respectfully submitted,

Rodney L. June
Chief Investment Office

OUTLINE OF INVESTMENT POLICIES

Fiscal Year 2023-2024

The Los Angeles City Employees' Retirement System's (LACERS, or the System) general investment goals are consistent with the City Charter citations and State Constitution and are stated below:

- The overall goal of the System's investment assets is to provide plan participants with post-retirement benefits as set forth in the System documents. This will be accomplished through a carefully planned and executed investment program.
- The System's investment program shall comply, at all times, with existing and future applicable City, state and federal regulations. Investment performance data is calculated in conformance with Global Investment Performance Standards (GIPS).
- All transactions undertaken will be for the sole benefit of the System's participants and beneficiaries and for the exclusive purpose of providing benefits to them and defraying reasonable administrative expenses associated with the System.
- The System has a long-term investment horizon, and utilizes an asset allocation that encompasses a strategic, long run perspective of capital markets. It is recognized that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the System's investment performance.
- Investment actions are expected to comply with the Employee Retirement Income Security Act (ERISA) "prudent person" standards, which are described in the act as "…with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

INVESTMENT RESULTS

Schedule of Annualized Asset Class Investment Returns
(Compared to Policy Benchmarks)

Asset Class / Benchmark	Annualized Rates of Return[1] (Gross of Fees)		
	1 Yr. (%)	3 Yrs. (%)	5 Yrs. (%)
U.S. Equity	**20.19**	**7.33**	**13.34**
Russell 3000	23.13	8.05	14.14
Non-U.S. Equity	**10.71**	**0.17**	**6.44**
MSCI ACWI ex U.S.	11.62	0.46	5.55
Private Equity	**6.60**	**10.66**	**15.04**
Private Equity Blend[2]	4.83	4.08	12.91
Core Fixed Income	**2.87**	**(2.66)**	**0.38**
Bloomberg U.S. Aggregate Bond Index	2.63	(3.02)	(0.23)
Credit Opportunities	**8.35**	**0.90**	**2.60**
Credit Opportunities Blend[3]	8.65	0.34	2.64
Real Assets	**(1.84)**	**(0.04)**	**2.38**
Real Assets Blend[4]	(2.07)	(0.50)	2.87
LACERS Total Fund	**8.86**	**2.73**	**7.25**
LACERS Policy Benchmark	9.46	1.77	6.90

(1) Time-weighted rate of return based on fair value of assets for all asset classes.

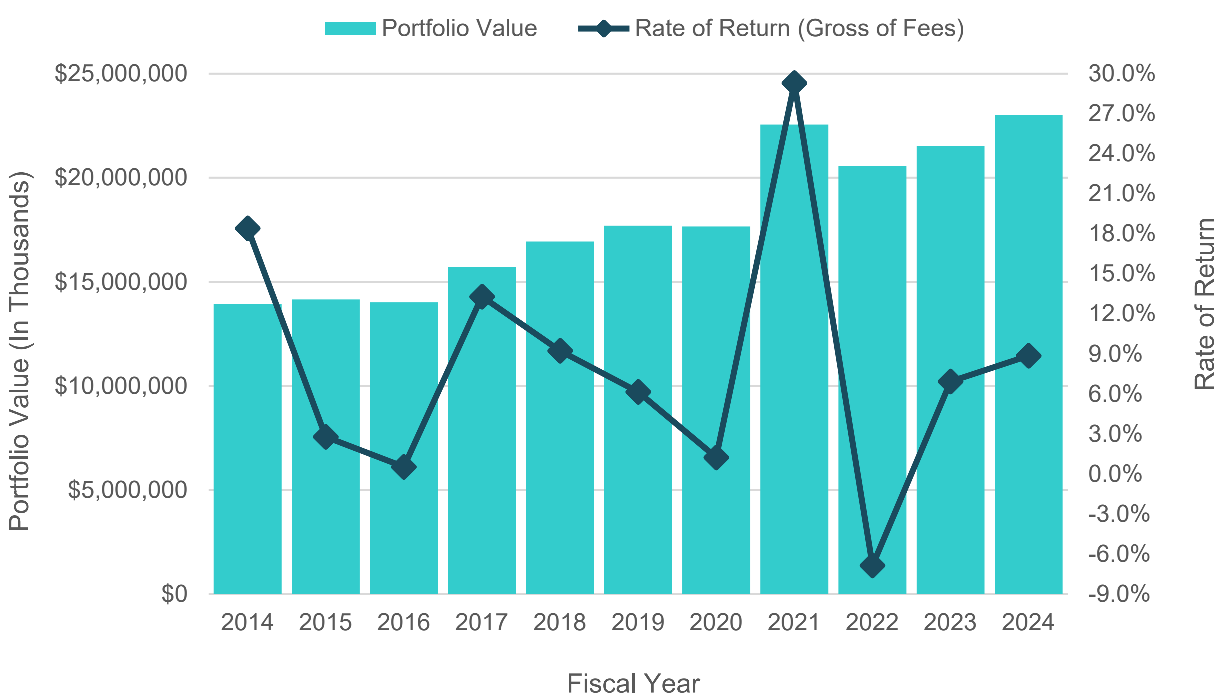
(2) Cambridge Associates Global Private Equity and Venture Capital Index January 1, 2022 to present; Russell 3000 + 3% February 1, 2012 to December 31, 2021; Russell 3000 + 4% inception to January 31, 2012

(3) 18.75% Bloomberg US High Yield 2% Issuer Capped Index, 18.75% Credit Suisse Leveraged Loan Index, 50% Blended Emerging Markets Debt Blend, 12.5% Credit Suisse Leveraged Loan Index One Quarter Lagged

(4) 34.62% Bloomberg US TIPS Index, 23.08% FTSE NAREIT All Equity Index, 42.3% Real Estate Blend; Real Estate Blend – NCREIF ODCE + 0.80% July 1, 2014 to present; NCREIF Property Index Lagged + 1% July 1, 2012 to June 30,2014; NCREIF Property Index Lagged October 1, 1994 to June 30, 2012

Schedule of Investment Result History
For the Fiscal Years Ended June 30
(Dollars in Thousands)

Fiscal Year	Total Investment Portfolio[1] (Fair Value)	Time-Weighted Rate of Return (Gross of Fees)
2013	11,946,264	14.32%
2014	13,941,866	18.41
2015	14,148,849	2.78
2016	14,014,772	0.53
2017	15,708,981	13.29
2018	16,935,458	9.23
2019	17,693,115	6.15
2020	17,654,460	1.24
2021	22,518,983	29.29
2022	20,564,461	(6.86)
2023	21,529,316	6.93
2024	23,023,746	8.86



(1) The total investment portfolio is comprised of investments, cash and accrued dividends and income. It excludes LACERS' new headquarters property purchased in fiscal year 2019-2020.

INVESTMENT CONTRACT ACTIVITY

Contracts with investment managers of publicly traded securities awarded/renewed/extended:

Firms	Mandate
Axiom Investors, LLC	Active Non-U.S. Emerging Markets Growth Equities
Bain Capital Senior Loan Fund, L.P.	Active U.S. Bank Loans
Barrow, Hanley, Mewhinney & Strauss, LLC	Active Non-U.S. Developed Markets Value Equities
CenterSquare Investment Management LLC	Active U.S. REITS
Dimensional Fund Advisors LP	U.S. Treasury Inflation Protected Securities (TIPS)
Garcia Hamilton & Associates, L.P.	Active Core Fixed Income
Income Research & Management	Active Core Fixed Income
J.P. Morgan Investment Management Inc.	Active Core Fixed Income
Loomis, Sayles & Company, L.P.	Active Core Fixed income
PGIM, Inc.	Active Emerging Market Debt
Polen Capital Credit, LLC	Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan
Robert W. Baird & Co.	Active Core Fixed Income
Wellington Management Company LLP	Active Emerging Market Debt

New private equity and real estate partnerships:

Investment Funds	Mandate
3 Boomerang Capital I, LP	Private Equity – Buyouts
AG Direct Lending Fund V, L.P.	Private Credit – Direct Lending
Altaris Health Partners VI, L.P.	Private Equity – Buyouts
Builders VC Fund III, L.P.	Private Equity – Venture Capital
Clearlake Capital Partners VIII, L.P.	Private Equity – Special Situations
FS Equity Partners IX, L.P.	Private Equity – Buyouts
General Catalyst Group XII - Creation, L.P.	Private Equity – Venture Capital
General Catalyst Group XII - Endurance, L.P.	Private Equity – Growth Equity
General Catalyst Group XII - Health Assurance, L.P.	Private Equity – Venture Capital
General Catalyst Group XII - Ignition, L.P.	Private Equity – Venture Capital
HarbourVest Broadway Co-Investment L.P.	Private Equity – Co-Investment
HPS Specialty Loan Fund VI-L, SCSp	Private Credit - Direct Lending
Kayne Anderson Core Real Estate, L.P.	Private Real Estate – Core
KLC (Knox Lane) Fund II LP	Private Equity – Buyouts
MBK Partners Fund VI, L.P.	Private Equity – Buyouts
Oaktree Real Estate Opportunities Fund IX, L.P.	Private Real Estate – Opportunistic
Platinum Equity Small Cap Fund II, L.P.	Private Equity – Buyouts
SK Capital Partners VI-A, L.P.	Private Equity – Buyouts
Spark Capital VIII, L.P.	Private Equity – Generalist
Spark Capital Growth V, L.P.	Private Equity – Generalist
Thoma Bravo Discover Fund V, L.P.	Private Equity – Buyouts
Thoma Bravo Fund XVI, L.P.	Private Equity – Buyouts
Waterton Residential Property Venture XV, L.P.	Private Real Estate – Value Add

Contracts with consultants and vendors awarded/renewed/extended:

Firms	Mandate
Northern Trust Company	Custodial Services. Securities Lending and Ancillary Svcs.
Bloomberg Finance, L.P.	Investment Research Database
Institutional Shareholder Services Inc.	Proxy Voting Service
MSCI, Inc.	ESG Data Service
PitchBook Data, Inc.	Private Markets Database

ASSET ALLOCATION

As of June 30, 2024

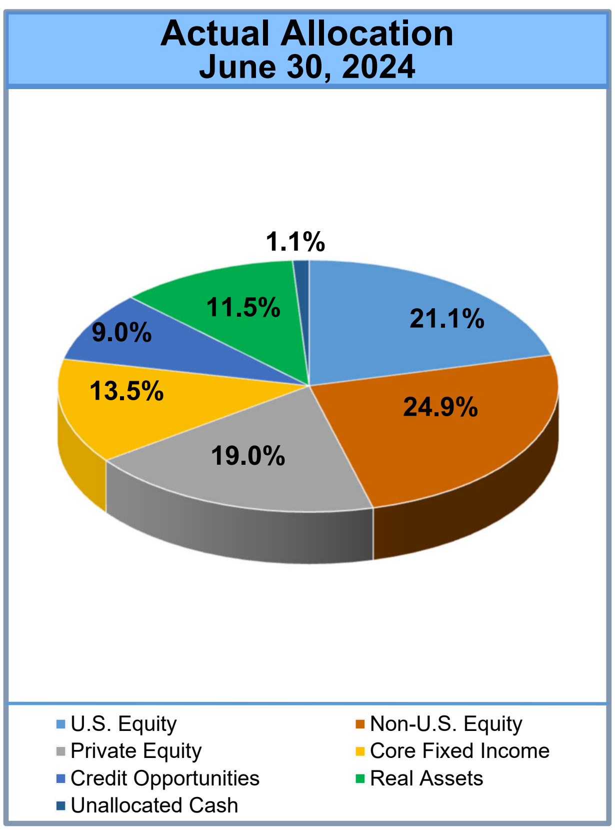
	Actual[1]		Target[2]
U.S. Equity	21.06%	U.S. Equity	21.00%
Non-U.S. Equity	24.85	Non-U.S. Equity	26.00
Private Equity[3]	19.01	Private Equity	16.00
Core Fixed Income	13.50	Core Fixed Income	11.25
Credit Opportunities[4]	9.01	Credit Opportunities	12.75
Real Assets	11.51	Real Assets	12.00
Unallocated Cash	1.06	Unallocated Cash	1.00
Total	100.00%	**Total**	100.00%

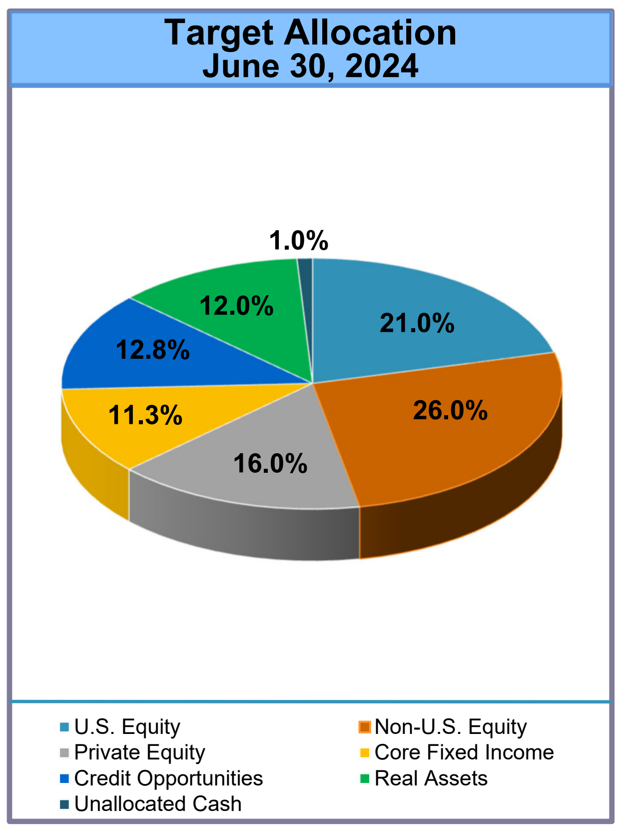
(1) Implementation of the most recently adopted Target Asset Allocation Policy is in progress and explains the difference in actual versus target allocations.

(2) Interim Target Asset Allocation Policy was adopted on July 12, 2022.The policy targets are scheduled to incrementally change between 2022 and 2025, and ultimately converge to the long-term target ranges as presented above.

(3) The overweight to Private Equity is a result of the denominator effect caused by public market volatility and cannot be rebalanced on demand due to the illiquid nature of private market investments.

(4) The underweight to Credit Opportunities is due to the addition of the Private Credit sub-asset class, which is currently in the process of being invested. The balance of the allocation for Private Credit is currently held within the Credit Opportunities portfolio.





LIST OF LARGEST ASSETS HELD BY FAIR VALUE

Displayed below are the ten largest holdings in each asset class along with their fair and share/par values as of June 30, 2024.

Largest U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	555,922	Microsoft Corp.	$ 248,469,338
2.	1,839,908	NVIDIA Corp.	227,302,234
3.	1,078,142	Apple Inc.	227,078,268
4.	684,768	Amazon Inc.	132,331,416
5.	163,916	Meta Platforms, Inc.	82,649,726
6.	439,363	Alphabet Inc. Class A	80,029,970
7.	365,522	Alphabet Inc. Class C	67,044,045
8.	135,412	Berkshire Hathaway Class B	55,085,602
9.	280,652	American Tower Corp.	54,553,136
10.	59,737	Eli Lilly & Co	54,084,685
		Total	$ 1,228,628,420

Largest Non-U.S. Equity Holdings

	Shares	Asset Description	Fair Value (in US$)
1.	14,199,962	SSgA MSCI Emerging Markets Index Fund[1]	$ 588,758,815
2.	14,880,738	SSgA MSCI EAFE Small Cap Index Fund[1]	293,552,323
3.	68,466	ASML Holdings	70,751,489
4.	444,750	Novo Nordisk A/S	64,275,330
5.	459,892	Nestle S.A.	46,941,124
6.	223,812	SAP SE	45,460,260
7.	1,390,000	Taiwan Semiconductor Manufacturing Company Limited	41,389,578
8.	1,704,715	Hitachi NPV	38,161,623
9.	157,564	Schneider Electric	37,876,728
10.	127,063	Roche Holdings	35,279,567
		Total	$ 1,262,446,837

(1) Investment in a commingled fund that holds publicly traded equity securities. The share amount represents LACERS ownership interest in the commingled fund.

LIST OF LARGEST ASSETS HELD BY FAIR VALUE

Largest U.S. Fixed Income Holdings

	Par Value	Asset Description	Fair Value (in US$)
1.	18,932,107	SSgA US Aggregate Bond Fund[1]	$ 599,314,777
2.	196,000,000	Bain Capital Senior Loan Fund, L.P.[1]	281,583,673
3.	97,899,656	Benefit Street Partners SMA	95,535,416
4.	91,463,002	Monroe Capital Private Credit Fund L.P.	90,711,341
5.	61,000,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2032	59,731,120
6.	53,600,000	United States Treas Notes Inflation Index 0.125% Due 01/15/2031	56,984,655
7.	50,800,000	United States Treas Notes Inflation Index 0.125% Due 07/15/2030	55,584,685
8.	44,500,000	United States Treas Notes Inflation Index 0.500% Due 01/15/2028	53,300,191
9.	48,270,000	United States Treas Notes Inflation Index 0.125% Due 07/15/2030	52,942,193
10.	51,450,000	United States Treas Notes Inflation Index 0.250% Due 08/31/2025	48,678,533
		Total	$ 1,394,366,584

Largest Non-U.S. Fixed Income Holdings

	Par Value (in local currency)	Asset Description	Fair Value (in US$)
1.	11,200,000	Senior Floating Rate Fund LLC	$ 17,979,052
2.	1,980,075	Republic of Mexico 8.500% Due 05/31/2029	10,199,625
3.	185,630,000	Republic of South Africa 11.625% Due 03/31/2053	9,862,992
4.	10,410,000	Baffinland Iron Mines Corp Sr Secd Nt 8.750% Due 07/15/2026	9,373,766
5.	8,891,000	Republic of Hungary 5.400% Due 08/12/2024	8,540,250
6.	41,816,000	Republic of Poland 1.750% Due 04/25/2032	7,915,311
7.	130,547,245	Republic of South Africa 10.500% Due 12/21/2026	7,423,892
8.	1,550,191	Republic of Mexico 7.750% Due 11/23/2034	7,301,933
9.	188,050,000	Czech Republic 2.000% Due 10/13/2033	6,752,686
10.	23,353,800,000	Republic of Colombia 13.250% Due 02/09/2033	6,413,331
		Total	$ 91,762,838

(1) Investment in a commingled fund that holds publicly traded fixed income securities. The par value represents LACERS ownership interest in the commingled fund.

SCHEDULE OF FEES AND COMMISSIONS

Schedule of Fees
(In Thousands)

	2024 Assets Under Management	Fees	2023 Assets Under Management	Fees
Investment Manager Fees:				
Fixed Income Managers	$ 5,838,200[1]	$ 9,964	$ 5,586,035[2]	$ 8,974
Equity Managers	10,979,341[1]	29,765	10,150,327[2]	25,507
Real Estate Managers	1,249,044	20,642	1,262,390	19,245
Private Equity Managers	4,447,057	77,459	4,154,437	71,803
Total	$ 22,513,642	$ 137,830	$ 21,153,189	$ 125,529
Investment Consulting Fees	N/A	$ 1,845	N/A	$ 1,536
Investment Related Administrative Expense	N/A	3,794	N/A	3,711
Total	N/A	$ 5,639	N/A	$ 5,247

(1) Includes $31,000 of fixed income derivatives and $(8,109,000) of equity derivatives. This is reported in the Statement of Fiduciary Net Position in total of $(8,078,000).
(2) Includes $21,000 of fixed income derivatives and $(1,907,000) of equity derivatives. This is reported in the Statement of Fiduciary Net Position in total of $(1,886,000).

Schedule of Top Ten Brokerage Commissions

	Broker	Shares	Commission	$/Share
1.	J.P. Morgan Securities PLC	22,750,459	$ 344,268	$ 0.015
2.	Merrill Lynch International Limited	20,466,249	123,745	0.006
3.	Goldman, Sachs and Co.	8,105,795	122,080	0.015
4.	Jeffries LLC	9,591,246	114,875	0.012
5.	Liquidnet Inc.	5,176,964	93,662	0.018
6.	Pershing Securities Limited	9,398,402	83,208	0.009
7.	Instinet Europe Limited	19,012,664	81,093	0.004
8.	Macquarie Bank Limited	26,124,334	79,130	0.003
9.	J.P. Morgan Securities (Asia Pacific)	26,682,967	75,026	0.003
10.	J.P. Morgan Securities LLC	3,379,079	74,077	0.022
	Total	150,688,159	1,191,164	0.008
	Total - Other Brokers[1]	356,378,689	2,412,928	0.007
	Grand Total	**507,066,848**	**$ 3,604,092**	**$ 0.007**

(1) Over-the-counter (OTC) Brokers excluded because there is no stated commission.

LACERS has commission recapture arrangements with brokerage firms. For the current fiscal year, LACERS recaptured a total of $8,969 commission credit from Cowen, which was rebated to LACERS in cash

INVESTMENT SUMMARY

As of June 30, 2024

(In Thousands)

Type of investment	Fair Value	% of Total Fair Value	Domestic Fair Value	Foreign Fair Value
Fixed Income:				
Government bonds	$ 2,375,003	10.48	$ 1,666,238	$ 708,765
Government agencies	70,854	0.31	13,871	56,983
Municipal/provincial bonds	14,243	0.06	13,457	786
Corporate bonds	1,384,142	6.11	1,013,045	371,097
Bank loans	142,719	0.63	138,937	3,782
Government mortgage bonds	631,347	2.78	631,129	218
Commercial mortgage bonds	100,612	0.44	100,612	-
Opportunistic debts	519,934	2.29	501,955	17,979
Other fixed income (Common Funds Assets)	599,315	2.64	599,315	-
Derivative Instruments	(32)	-	(127)	95
Total Fixed Income	**5,838,137**	**25.74**	**4,678,432**	**1,159,705**
Equities:				
Common stock:				
Basic industries	1,518,529	6.70	547,049	971,480
Capital good industries	507,322	2.24	144,323	362,999
Consumer & services	2,131,645	9.40	1,109,463	1,022,182
Energy	628,955	2.77	284,324	344,631
Financial services	1,527,244	6.74	671,164	856,080
Health care	984,196	4.34	551,476	432,720
Information technology	1,988,611	8.77	1,344,306	644,305
Real Estate	761,083	3.36	683,017	78,066
Other funds - Common Stock	882,311	3.89	882,311	-
Miscellaneous	2,258	0.01	964	1,294
Total Common Stock	**10,932,154**	**48.22**	**6,218,397**	**4,713,757**
Preferred Stock	48,945	0.22	346	48,599
Stapled Securities	5,441	0.02	-	5,441
Convertible Equity	910	-	896	14
Derivative Instruments	(8,046)	(0.04)	(2,035)	(6,011)
Total Equities	**10,979,404**	**48.42**	**6,217,604**	**4,761,800**
Real Estate:	**1,249,044**	**5.51**	**1,226,481**	**22,563**
Private Equity:				
Buyout	2,575,833	11.36	1,952,412	623,421
Distressed debt	219,024	0.97	135,869	83,155
Mezzanine	26,802	0.12	26,802	-
Special situations	325,963	1.44	255,546	70,417
Venture capital	1,299,435	5.73	1,198,454	100,981
Total Private Equity	**4,447,057**	**19.62**	**3,569,083**	**877,974**
Security Lending Collateral	**160,397**	**0.71**	**124,225**	**36,172**
Total Fund*	**$ 22,674,039**	**100.00 %**	**$ 15,815,825**	**$ 6,858,214**

* Total Fund includes securities lending, but excludes cash and cash equivalents and adjustments to cash.

LIST OF INVESTMENT ADVISORS, CUSTODIAN AND OTHER CONSULTANTS

Investment Advisors

U.S. Equity
Copeland Capital Management, LLC
EAM Investors, LLC
Granahan Investment Management
Principal Global Investors, LLC
RhumbLine Advisers Limited Partnership
Segall Bryant & Hamill

Non-U.S. Equity
Axiom Investors, LLC
Barrow, Hanley, Mewhinney & Strauss, LLC
Dimensional Fund Advisors LP
Lazard Asset Management, LLC
MFS Institutional Advisors, Inc.
Oberweis Asset Management, Inc.
State Street Global Advisors Trust Company
Wasatch Advisors Inc.

Fixed Income
Garcia Hamilton & Associates, L.P.
Income Research & Management
J.P. Morgan Asset Management
Loomis, Sayles & Company, L.P.
Robert W. Baird & Co., Incorporated
State Street Global Advisors Trust Company

Credit Opportunities
Bain Capital Credit, L.P.
Benefit Street Partners L.L.C.
Crescent Capital Group LP
HPS Investment Partners LLC
Loomis, Sayles & Company, L.P.
Monroe Capital Advisors LLC
Polen Capital Credit, LLC
PGIM, Inc.
TPG Twin Brook
Wellington Management Company LLP

Public Real Assets
CenterSquare Investment Management LLC
Dimensional Fund Advisors LP

Cash & Short-Term
The Northern Trust Company

Real Estate
Almanac Realty Partners, LLC
Apollo Global Management, LLC
Asana Partners, LP
Berkshire Group
Bristol Group, Inc.
Broadview Real Estate Partners
Brookfield Asset Management Inc.
Bryanston Realty Partners
Cerberus Capital Management
CIM Group LLC
Clarion Partners
Cortland Partners, LLC
DLJ Real Estate Capital Partners
DRA Advisors LLC
EQT Group
Gerrity Group, LLC
Global Logistics Real Estate Investment Firm
Hancock Timber Resource Group, Inc.
Heitman LLC
Invesco Advisors, Inc.
Jamestown LP
JP Morgan Chase & Co.
Kayne Anderson Capital Advisors, L.P.
LBA Logistics
Lone Star Funds
Morgan Stanley & Co., LLC
Northbridge Partners
NREP Logistics AB
Oaktree Capital Management, L.P.
PCCP, LLC
Principal Global Investors LLC
Standard Life Investments Limited
Stockbridge Capital Group
Torchlight Investors, LLC
TPG Capital Advisors, LLC
Walton Street Capital
Waterton Associates LLC
The Wolff Company

Private Equity
1315 Capital LLC
3 Boomerang Capital, L.P.
ABRY Partners LLC
ACON Investments, L.L.C.
Advent International Corp.
AION Capital Partners
Altaris, LLC
American Securities LLC
Angeleno Group LLC
Angeles Equity Partners, LLC
Apollo Global Management, LLC

Investment Advisors *(continued)*

Private Equity *(continued)*

Arsenal Capital Partners
Ascribe Capital, LLC
Astorg Group, LLC
Astra Capital Management LLC
Auldbrass Partners
Avance Investment Management
Bain Capital
Baring Private Equity Asia Limited
BC Partners
Bessemer Venture Partners
Biospring Partners
Black Diamond Capital Management
Blackstone Group Inc.
Blue Sea Capital LLC
Brentwood Associates, Inc.
Builders VC
Cardinal Partners
Carlyle Group Inc.
CenterGate Capital, L.P.
Charterhouse Capital Partners LLP
Cinven
Clearlake Capital Group
Coller Capital Limited
Crescent Capital Group
CVC Capital Partners
Defy Partners Management, LLC
EIG Global Energy Partners
Encap Investments L.P.
Energy Capital Partners
Essex Woodland Health Ventures
FIMI Ltd.
First Reserve Corporation
Fortress Investment Group
Freeman Spogli & Co. Inc.
Frontier Venture Capital
General Catalyst Partners
Genstar Capital
GGV Capital
Gilde Buy Out Partners BV
Glendon Capital Management LP
GTCR LLC
The Halifax Group, LLC
HarbourVest Partners, LLC
Harvest Partners
Hellman & Friedman LLC
Hg Capital, LLC
H.I.G. Capital
High Road Capital Partners, LLC
Hony Capital
Incline Equity Partners
Insight Partners
Institutional Venture Partners
Intermediate Capital Group Inc
JH Whitney & Co.
Kelso & Company
Khosla Ventures
Knox Lane
KPS Capital Partners
L2 Point Management, LLC
Leonard Green & Partners LP
Levine Leichtman Capital Partners, LLC
Lightbay Capital
Longitude Capital
Mayfield Group
MBK Partners L.P.
Mill Point Capital, LLC
Montagu Private Equity LLP
Nautic Partners, LLC
New Enterprise Associates, LLC
New Mountain Capital, LLC
New Water Capital, L.P.
NGEN Partners, LLC
NGP Energy Capital Management, LLC
New MainStream Capital
Nordic Capital, L.P.
Oak HC/FT Partners, LLC
Oak Investment Partners, L.P.
Oaktree Capital Management, L.P.
OceanSound Partners Fund, L.P.
Onex Partners
Orchid Asia Group
P4G Capital Management, LLC
Palladium Equity Partners, L.P.
Permira, L.P.
Pharos Capital Group, LLC
Platinum Equity, LLC
Polaris Partners, L.P.
Providence Equity Partners, LLC
Reverence Capital Partners
Roark Capital Group
Saybrook Capital, LLC
Searchlight Capital Partners, L.P.
SK Capital Partners L.P.
Spark Capital
Spire Capital Management, LLC
St. Cloud Capital Partners, L.P.
Stellex Capital Management
StepStone Group, L.P.
Stripes Group, LLC
Sunstone Partners
TA Associates Management, L.P.
Technology Crossover Ventures, LLC

Investment Advisors *(continued)*

Private Equity *(continued)*

Thoma Bravo, LLC
Threshold Ventures Inc. (formerly DFJ Venture)
TPG Capital Advisors, LLC
Trident Capital
Ulu Ventures
Upfront Ventures
VantagePoint Venture Partners, L.P.
Vicente Capital Partners, LLC
Vista Equity Partners Management, LLC
Vitruvian Partners, LLP
Wynnchurch Capital, L.P.
Yucaipa Alliance Management, LLC

Consultants

NEPC, LLC
Aksia LLC
Townsend Holdings, LLC

Custodian

The Northern Trust Company

Transition Managers

Abel Noser, LLC
Blackrock Institutional Trust Company, N.A.
Citigroup Global Markets Inc.
The Northern Trust Company
Russell Investments Implementation Services, LLC

Proxy Voting Services

Institutional Shareholder Services Inc. (ISS)

Actuarial

Summary of Significant Valuation Results

	June 30, 2024	June 30, 2023	Change
I. Total Membership			
a. Active Members	26,782	25,875	3.5%
b. Pensioners and Beneficiaries	22,763	22,510	1.1%
II. Valuation Salary			
a. Total Annual Projected Payroll	$ 2,730,282,217	$ 2,512,179,018	8.7%
b. Average Projected Monthly Salary	8,495	8,091	5.0%
III. Benefits to Current Retirees and Beneficiaries[1]			
a. Total Annual Benefits	$ 1,301,096,466	$ 1,240,519,399	4.9%
b. Average Monthly Benefit Amount	4,763	4,592	3.7%
IV. Total System Assets[2]			
a. Actuarial Value	$ 23,404,150,020	$ 22,239,263,545	5.2%
b. Fair Value	23,041,225,445	21,589,265,113	6.7%
V. Unfunded Actuarial Accrued Liability (UAAL)			
a. Retirement Benefits	$ 7,046,941,634	$ 6,805,716,100	3.5%
b. Health Subsidy Benefits	(285,810,920)	(241,889,698)	18.2%

(1) Includes July COLA.

(2) Includes assets for Retirement, Health, Family Death, and Larger Annuity Benefits.

	FY 2025-26[1]		FY 2024-25[1]		Difference	
VI. Budget Items (as a Percent of Pay)	Tier 1	Tier 3	Tier 1	Tier 3	Tier 1	Tier 3
a. Retirement Benefits						
1. Normal Cost	8.85 %	5.42 %	8.89 %	5.42 %	(0.04)%	0.00 %
2. Amortization of UAAL	20.55 %	20.55 %	22.19 %	22.19 %	(1.64)%	(1.64)%
3. Total Retirement Contribution	29.40 %	25.97 %	31.08 %	27.61 %	(1.68)%	(1.64)%
b. Health Subsidy Benefits						
1. Normal Cost	3.83%	3.98%	3.79 %	3.98 %	0.04 %	0.00 %
2. Amortization of UAAL	(0.58)%	(0.58)%	(0.53)%	(0.53)%	(0.05)%	(0.05)%
3. Total Health Subsidy Contribution	3.25%	3.40%	3.26 %	3.45 %	(0.01)%	(0.05)%
c. Total Contribution (a+b)	32.65%	29.37%	34.34 %	31.06 %	(1.69)%	(1.69)%

(1) Contributions are assumed to be received by LACERS on July 15.

	June 30, 2024	June 30, 2023	Difference
VII. Funded Ratio			
(Based on Valuation Value of Assets)			
a. Retirement Benefits	73.4%	73.1%	0.3%
b. Health Subsidy Benefits	108.0%	107.1%	0.9%
c. Total	77.5%	77.1%	0.4%
(Based on Fair Value of Assets)			
d. Retirement Benefits	72.3%	71.0%	1.3%
e. Health Subsidy Benefits	106.3%	104.0%	2.3%
f. Total	76.3%	74.9%	1.4%

Summary of Significant Valuation Results (Continued)

	June 30, 2024	June 30, 2023	Change
VIII. Net Pension Liability[1]			
Total Pension Liability	$ 26,492,518,234	$ 25,299,537,118	4.7 %
Plan Fiduciary Net Position	(19,144,037,018)	(17,953,292,567)	6.6 %
Net Pension Liability	$ 7,348,481,216	$ 7,346,244,551	0.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.3%	71.0%	1.3 %

[1] Refer to the Schedule of Changes in Net Pension Liability and Related Ratios on page 100.

	June 30, 2024	June 30, 2023	Change
IX. Net OPEB (Asset) Liability[1]			
Total OPEB Liability	$ 3,570,147,657	$ 3,405,088,528	4.8 %
Plan Fiduciary Net Position	(3,796,164,817)	(3,540,386,112)	7.2 %
Net OPEB (Asset) Liability	$ (226,017,160)	$ (135,297,584)	67.1 %
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	106.3%	104.0%	2.3 %

[1] Refer to the Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios on page 124.

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

Actuarial Certification

November 4, 2024

This is to certify that Segal has conducted an actuarial valuation of the Los Angeles City Employees' Retirement System (LACERS or the System) retirement program as of June 30, 2024, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this retirement program with the last valuation completed on June 30, 2023. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of the historical funding methods used in determination of the liability for retirement benefits.

The actuarial valuation is based on the plan of benefits verified by LACERS and on participant and financial data provided by LACERS. Segal did not audit LACERS' financial statements, but we conducted an examination of all participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the System's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules in the Actuarial Section of the Annual Comprehensive Financial Report and certain supporting schedules in the Financial Section, based on the results of the June 30, 2024 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section as Required Supplementary Information prescribed by GASB, and in the Actuarial Section, is provided below:

<u>Financial Section</u>

1. Schedule of Net Pension Liability[1]
2. Schedule of Changes in Net Pension Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2024.

November 4, 2024

Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Retiree Payroll
7. Schedule of Funded Liabilities by Type
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net Pension Liability and Related Ratios[1]
12. Projection of Pension Plan Fiduciary Net Position for use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2024[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the plan's current funding information. The undersigned is a member of the American Academy of Actuaries and is qualified to render the actuarial opinion contained herein.

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

[1] Source: Segal's GASB Statement No. 67 valuation report as of June 30, 2024.

Segal

Active Member Valuation Data

Member Population

Valuation Date	Active Members[1]	Covered Payroll[2]	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2015	23,895	$1,907,664,598	$79,835	1.0%
06/30/2016	24,446	1,968,702,630	80,533	0.9
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2
06/30/2023	25,875	2,512,179,018	97,089	7.1
06/30/2024	26,782	2,730,282,217	101,945	5.0

(1) Includes non-vested Members.
(2) Reflects annualized salaries for part-time Members.

Retirees and Beneficiaries Added to and Removed from Retiree Payroll[1]

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Allowances Added[2]	No. of Retirees/ Beneficiaries Removed	Annual Allowances Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Allowances at 6/30	Percent Increase in Annual Allowances	Average Annual Allowance
06/30/2015	1,083	$55,849,106	683	$22,013,426	17,932	$750,391,750	4.7%	$41,847
06/30/2016	1,082	51,056,286	657	23,092,610	18,357	778,355,426	3.7	42,401
06/30/2017	1,142	65,583,105	694	24,422,619	18,805	819,515,912	5.3	43,580
06/30/2018	1,312	86,917,553	738	26,361,758	19,379	880,071,707	7.4	45,414
06/30/2019	1,341	93,946,126	686	26,429,224	20,034	947,588,609	7.7	47,299
06/30/2020	1,134	85,268,880	745	28,126,528	20,423	1,004,730,961	6.0	49,196
06/30/2021	2,486	169,148,971	897	37,106,822	22,012	1,136,773,110	13.1	51,643
06/30/2022	1,140	91,420,287	753	32,200,860	22,399	1,195,992,537	5.2	53,395
06/30/2023	892	80,956,579	781	36,429,717	22,510	1,240,519,399	3.7	55,110
06/30/2024	1,007	94,946,932	754	34,369,865	22,763	1,301,096,466	4.9	57,158

(1) Does not include Family Death Benefit Plan beneficiaries. Table is based on valuation data.
(2) Includes the COLA granted in July.

Schedule of Funded Liabilities by Type

For Years Ended June 30
(Dollars in Thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Aggregate Accrued Liabilities Covered by Reported Assets		
Valuation Date	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members	Valuation Value of Assets	Member Contributions	Retirees, Beneficiaries, & Inactive/Vested	Active Members
06/30/2015	$2,012,378	$9,118,166	$5,779,452	$11,727,161	100.0%	100.0%	10.3%
06/30/2016	2,137,269	9,439,001	5,848,726	12,439,250	100.0	100.0	14.8
06/30/2017	2,255,048	10,164,403	6,038,737	13,178,334	100.0	100.0	12.6
06/30/2018	2,354,026	11,079,053	6,511,500	13,982,435	100.0	100.0	8.4
06/30/2019	2,469,761	11,933,703	6,389,957	14,818,564	100.0	100.0	6.5
06/30/2020	2,584,851	12,740,109	7,202,235	15,630,102	100.0	100.0	4.2
06/30/2021	2,431,974	14,546,803	6,303,116	16,660,585	100.0	97.8	0.0
06/30/2022	2,554,972	15,266,882	6,256,897	17,649,268	100.0	98.9	0.0
06/30/2023	2,776,364	15,932,796	6,590,377	18,493,821	100.0	98.6	0.0
06/30/2024	3,013,000	16,549,811	6,929,707	19,445,577	100.0	99.3	0.0

Schedule of Funding Progress

For Years Ended June 30
(Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/2015	$11,727,161	$16,909,996	$5,182,835	69.4 %	$1,907,665	271.7 %
06/30/2016	12,439,250	17,424,996	4,985,746	71.4	1,968,703	253.3
06/30/2017	13,178,334	18,458,188	5,279,854	71.4	2,062,316	256.0
06/30/2018	13,982,435	19,944,579	5,962,144	70.1	2,177,687	273.8
06/30/2019	14,818,564	20,793,421	5,974,857	71.3	2,225,413	268.5
06/30/2020	15,630,102	22,527,195	6,897,093	69.4	2,445,017	282.1
06/30/2021	16,660,585	23,281,893	6,621,308	71.6	2,254,165	293.7
06/30/2022	17,649,268	24,078,751	6,429,483	73.3	2,258,725	284.7
06/30/2023	18,493,821	25,299,537	6,805,716	73.1	2,512,179	270.9
06/30/2024	19,445,577	26,492,518	7,046,941	73.4	2,730,282	258.1

Please refer to the required supplementary information of the Financial section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience

Development of Unfunded Actuarial Accrued Liability
for Year Ended June 30, 2024

1. Unfunded actuarial accrued liability at beginning of year		$6,805,716,100
2. Total normal cost at beginning of year		461,843,826
3. Expected employer and member contributions at beginning of year		(1,017,735,702)
4. Interest		437,487,695
5. Expected unfunded actuarial accrued liability at end of year		$6,687,311,919
6. Changes due to:		
a) Investment loss on smoothed value of assets	$75,843,962	
b) Loss due to contribution experience	41,351,455	
c) Loss due to higher than expected salary increases for continuing actives	215,154,474	
d) Loss due to higher than expected COLAs for payees	2,620,799	
e) Other net losses on demographic experience	24,659,025	
Total loss		$359,629,715
7. Unfunded actuarial accrued liability at end of year		$7,046,941,634

Actuarial Balance Sheet

For Year Ended June 30, 2024

Actuarial Present Value of Future Benefits	
1. Present value of benefits for retired members and beneficiaries	$16,162,258,157
2. Present value of benefits for inactive vested members	713,704,715
3. Present value of benefits for active members	13,841,583,571
4. Total actuarial present value of future benefits	$30,717,546,443
Current and Future Assets	
5. Total valuation value of assets	$19,445,576,600
6. Present value of future contributions by members	2,472,241,383
7. Present value of future employer contributions for:	
a) Entry age normal cost	1,752,786,826
b) Unfunded actuarial accrued liability	7,046,941,634
8. Present value of current and future assets	$30,717,546,443

Schedule of Changes in Net Pension Liability and Related Ratios[1]
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2024	2023	2022	2021
Total Pension Liability				
Service cost[2]	$ 461,844	$ 412,247	$ 413,863	$ 451,426
Interest	1,758,842	1,671,683	1,617,800	1,570,785
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	242,434	469,172	(66,172)	(189,822)
Changes of assumptions	-	(112,700)	-	-
Benefit payments, including refunds of Member contributions	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)
Net change in total pension liability	1,192,981	1,220,786	796,858	754,698
Total pension liability-beginning	25,299,537	24,078,751	23,281,893	22,527,195
Total pension liability-ending (a)	$ 26,492,518	$ 25,299,537	$ 24,078,751	$ 23,281,893
Plan Fiduciary net position				
Contributions-employer	$ 714,338	$ 669,391	$ 591,234	$ 554,856
Contributions-Member	275,717	257,968	241,876	252,123
Net investment income[3]	1,503,281	1,261,073	(1,542,473)	4,283,202
Benefit payments, including refunds of Member contributions	(1,270,139)	(1,219,616)	(1,168,633)	(1,077,691)
Administrative expenses	(32,453)	(28,614)	(27,033)	(26,758)
Others[4]	0	0	(16)	-
Net change in Plan Fiduciary net position	1,190,744	940,202	(1,905,045)	3,985,732
Plan Fiduciary net position-beginning	17,953,293	17,013,091	18,918,136	14,932,404
Plan Fiduciary net position-ending (b)	$ 19,144,037	$ 17,953,293	$ 17,013,091	$ 18,918,136
Plan's net pension liability-ending (a)-(b)	$ 7,348,481	$ 7,346,244	$ 7,065,660	$ 4,363,757
Plan Fiduciary net position as a percentage of the total pension liability (b)/(a)	72.3%	71.0%	70.7%	81.3%
Covered payroll	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768
Plan's net pension liability as a percentage of covered payroll	298.7%	318.4%	327.9%	191.7%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

(4) On July 1, 2021, the System made an adjustment to the beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 67 valuation report.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2020	2019	2018	2017
Total Pension Liability				
Service cost[2]	$ 374,967	$ 370,409	$ 352,283	$ 340,759
Interest	1,499,208	1,439,661	1,332,878	1,302,278
Changes of benefit terms	-	-	25,173	-
Differences between expected and actual experience	308,184	(46,035)	144,224	(146,474)
Changes of assumptions	530,720	-	483,717	340,718
Benefit payments, including refunds of Member contributions	(979,305)	(915,192)	(851,885)	(804,089)
Net change in total pension liability	1,733,774	848,843	1,486,390	1,033,192
Total pension liability-beginning	20,793,421	19,944,578	18,458,188	17,424,996
Total pension liability-ending	$ 22,527,195	$ 20,793,421	$ 19,944,578	$ 18,458,188
Plan Fiduciary net position				
Contributions-employer	$ 553,118	$ 478,717	$ 450,195	$ 453,356
Contributions-Member	259,817	237,087	230,757	221,829
Net investment income[3]	306,712	799,351	1,243,817	1,517,545
Benefit payments, including refunds of Member contributions	(979,305)	(915,192)	(851,885)	(804,089)
Administrative expenses	(23,531)	(19,600)	(17,699)	(17,454)
Others[4]	-	-	(471)	-
Net change in Plan Fiduciary net position	116,811	580,363	1,054,714	1,371,187
Plan Fiduciary net position-beginning	14,815,593	14,235,230	13,180,516	11,809,329
Plan Fiduciary net position-ending	$ 14,932,404	$ 14,815,593	$ 14,235,230	$ 13,180,516
Net pension liability-ending	$ 7,594,791	$ 5,977,828	$ 5,709,348	$ 5,277,672
Plan Fiduciary net position as a percentage of the total pension liability	66.3%	71.3%	71.4%	71.4%
Covered payroll	$ 2,271,039	$ 2,108,171	$ 2,057,565	$ 1,973,049
Net pension liability as a percentage of covered payroll	334.4%	283.6%	277.5%	267.5%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

(4) On July 1, 2017, the System reallocated $471,000 of interest from the Reserve for Mandatory Member Contributions into the Reserve for Voluntary Member Contributions.

Schedule of Changes in Net Pension Liability and Related Ratios[1] (Continued)
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2016	2015
Total Pension Liability		
Service cost[2]	$ 322,574	$ 322,380
Interest	1,263,556	1,215,151
Changes of benefit terms	-	-
Differences between expected and actual experience	(300,813)	(135,821)
Changes of assumptions	-	-
Benefit payments, including refunds of Member contributions	(770,317)	(740,567)
Net change in total pension liability	515,000	661,143
Total pension liability-beginning	16,909,996	16,248,853
Total pension liability-ending	$ 17,424,996	$ 16,909,996
Plan Fiduciary net position		
Contributions-employer	$ 440,546	$ 381,141
Contributions-Member	206,377	202,463
Net investment income[3]	29,358	306,980
Benefit payments, including refunds of Member contributions	(770,318)	(740,567)
Administrative expenses	(17,204)	(15,860)
Others[4]	-	(4,666)
Net change in Plan Fiduciary net position	(111,241)	129,491
Plan Fiduciary net position-beginning	11,920,570	11,791,079
Plan Fiduciary net position-ending	$ 11,809,329	$ 11,920,570
Net pension liability-ending	$ 5,615,667	$ 4,989,426
Plan Fiduciary net position as a percentage of the total pension liability	67.8%	70.5%
Covered payroll	$ 1,876,946	$ 1,835,637
Net pension liability as a percentage of covered payroll	299.2%	271.8%

(1) In calculating the Plan's net pension liability, the total pension liability and the Plan Fiduciary net position exclude amounts associated with non-pension related benefits (Family Death and Larger Annuity Benefits).

(2) The service cost is based on the previous year's valuation.

(3) Building Lease and Other Income were included in the Net investment income (loss) starting in fiscal year 2020. Investment related administrative expenses is part of Administrative expenses and excluded from Net investment income.

(4) On July 1, 2015, the System segregated Members' voluntary larger annuity contributions into the (non-pension related) Reserve for Larger Annuity Contributions pursuant to a suggestion made by the System's actuarial consultant. The Reserve balance for Larger Annuity Contributions as of June 30, 2015 was $5,200,000.

Schedule of Changes in Net Pension Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The June 30, 2018 calculation reflected the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 36). Enhanced benefits became effective as of January 7, 2018.

Change of Assumptions: The June 30, 2018 calculations reflected changes in the actuarial assumptions adopted by the Board on August 14, 2018 based on the triennial experience study for the period from July 1, 2014 through June 30, 2017, including revising the mortality tables from static to generational to reflect future mortality improvement, contributing to increased total pension liability.

The June 30, 2020 calculations reflected changes in the actuarial assumptions adopted by the Board on June 23, 2020 based on the triennial experience study for the period from July 1, 2016 through June 30, 2019. These assumption changes included lowering of the investment return assumption from 7.25% to 7.00% (which was largely offset by the effect of the change in the inflation assumption from 3.00% to 2.75%), changes in the merit and promotion salary increase assumption, and changes in the mortality assumption, which contributed to increased total pension liability.

The June 30, 2023 calculations reflected changes in the actuarial assumptions adopted by the Board on June 27, 2023 based on the triennial experience study for the period from July 1, 2019 through June 30, 2022. These assumption changes included lowering of the inflation assumption from 2.75% to 2.50% while maintaining the 2.75% cost of living adjustment assumption for Tier 1, changes in the merit and promotion salary increase assumption, and changes in the mortality assumption, which somewhat offset the increase in total pension liability.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2024

(Dollars in Millions)

Year Beginning July 1,	Projected Beginning Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending Plan Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2023	$17,953	$990	$1,270	$32	$1,503	$19,144
2024	19,144	1,044	1,486	35	1,317	19,985
2025	19,985	1,059	1,466	36	1,378	20,920
2026	20,920	1,071	1,532	38	1,441	21,861
2027	21,861	1,073	1,600	40	1,504	22,799
2028	22,799	1,102	1,665	41	1,568	23,763
2029	23,763	1,139	1,733	43	1,634	24,761
2030	24,761	1,173	1,808	45	1,702	25,783
2031	25,783	1,221	1,883	47	1,772	26,847
2032	26,847	1,247	1,961	49	1,845	27,929
2050	34,248	211	2,895	62	2,290	33,792
2051	33,792	200 (1)	2,919	61	2,256	33,269
2052	33,269	189 (1)	2,940	60	2,218	32,676
2053	32,676	177 (1)	2,956	59	2,176	32,014
2116	1	0 (1),(2)	1	0	0	1
2117	1	0 (1),(2)	0 (2)	0	0	0
2118	0	0 (1),(2)	0 (2)	0	0	0
2119	0	0 (1),(2)	0 (2)	0	0	0
2120	0	0 (1),(2)	0 (2)	0	0	0
2121	0	0 (1),(2)	0 (2)	0	0	0
2122	0	0 (1),(2)	0 (2)	0	0	0

(1) Mainly attributable to employer contributions to fund each year's annual administrative expenses.

(2) Less than $1 million when rounded.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Projection of Pension Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 67 Report as of June 30, 2024 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.

2. Amounts shown for the year beginning July 1, 2023 row are actual amounts, based on the unaudited financial statements provided by LACERS.

3. Various years have been omitted from this table.

4. Column (a): None of the Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.

5. Column (b): Projected total contributions include member and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2024); plus employer contributions to the unfunded actuarial accrued liability; plus employer contributions to fund each year's annual administrative expenses reflecting a 15-year amortization schedule. Contributions are assumed to occur halfway through the year, on average.

6. Column (c): Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive, retired members, and beneficiaries as of June 30, 2024. The projected benefit payments reflect the cost of living increase assumptions used in the June 30, 2024 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average.

7. Column (d): Projected administrative expenses are calculated as approximately 0.18% of the beginning Plan Fiduciary Net Position. The 0.18% was based on the actual fiscal year 2023 - 2024 administrative expenses as a percentage of the beginning Plan Fiduciary Net Position as of July 1, 2023. Administrative expenses are assumed to occur halfway through the year, on average.

8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.

9. As illustrated in this Exhibit, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total Pension Liability as of June 30, 2024 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. The following assumptions used to value the Plan liabilities for funding purposes and for financial reporting purposes have been adopted by the Board.

Net Investment Return

7.00%(1)

Based on the Actuarial Experience Study report referenced above, expected administrative and investment expenses represent about 0.20% of the Actuarial Value of Assets.

(1) Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Discount Rate

7.00%

Employee Contribution Crediting Rate

Based on average of 5-year Treasury note rate. An assumption of 2.50% is used to approximate that crediting rate in this valuation.

Cost of Living Adjustment (COLA)

Retiree COLA increases of 2.75% per year for Tier 1 and 2.00% per year for Tier 3. For Tier 1 members with COLA banks, withdrawals from the bank are assumed to increase the retiree COLA to 3.00% per year until their COLA banks are exhausted.

Payroll Growth

Inflation of 2.50% per year plus real “across the board” salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) Compensation Limit

Increase of 2.50% per year from the valuation date.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Salary Increases

The annual rate of compensation increase includes: inflation at 2.50%, plus “across the board” salary increases of 0.50% per year, plus the following merit and promotion increases:

Years of Service	Percentage Increase
Less than 1	6.00%
1 – 2	5.90%
2 – 3	5.40%
3 – 4	4.20%
4 – 5	3.50%
5 – 6	2.80%
6 – 7	2.50%
7 – 8	2.10%
8 – 9	1.80%
9 – 10	1.60%
10 – 11	1.50%
11 – 12	1.40%
12 – 13	1.30%
13 – 14	1.20%
14 – 15	1.10%
15 & Over	1.00%

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

Beneficiaries not currently in pay status: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries currently in pay status: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown above reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Pre-Retirement Mortality Rates

Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

	Rate (%)	
Age	Male	Female
20	0.04	0.01
25	0.03	0.01
30	0.03	0.01
35	0.05	0.02
40	0.06	0.04
45	0.09	0.06
50	0.14	0.08
55	0.21	0.12
60	0.30	0.19
65	0.45	0.30

Generational projections beyond the base year (2010) are not reflected in the above mortality rates.

For Tier 1 Enhanced, 100% of pre-retirement death benefits are assumed to be service-connected.

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

For Tier 1 Enhanced, 90% of disability retirements are assumed to be service-connected with service-connected disability benefits based on years of service, as follows:

Years of Service	Benefit
Less than 20	55% of Final Average Monthly Compensation
20 – 30	65% of Final Average Monthly Compensation
More than 30	75% of Final Average Monthly Compensation

For Tier 1 Enhanced, 10% of disability retirements are assumed to be nonservice-connected with nonservice-connected disability benefits equal to 40% of Final Average Monthly Compensation.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Termination

Years of Service	Rate (%)
Less than 1	10.50
1 – 2	10.00
2 – 3	9.00
3 – 4	7.75
4 – 5	6.25
5 – 6	5.25
6 – 7	5.00
7 – 8	4.75
8 – 9	4.50
9 – 10	4.25
10 – 11	4.00
11 – 12	3.75
12 – 13	3.50
13 – 14	3.00
14 – 15	2.75
15 & over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates

	Rate (%)					
	Tier 1		Tier Enhanced 1		Tier 3	
Age	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0(1)	26.0
56	6.0	18.0	10.0	22.0	0.0(1)	17.0
57	6.0	18.0	10.0	22.0	0.0(1)	17.0
58	6.0	18.0	10.0	22.0	0.0(1)	17.0
59	6.0	18.0	10.0	22.0	0.0(1)	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

(1) Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the “55/30” rates.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Age and Benefit for Inactive Vested Members

Pension benefit paid at the later of age 60 or the current attained age for members retiring from deferred status and at the later of age 59 or the current attained age for members retiring from reciprocal status. For reciprocals, 4.00% compensation increases per annum.

Other Reciprocal Service

5% of future inactive Members will work at a reciprocal system.

Service

Benefit service is used for benefit calculation purposes. For eligibility determination purposes, employment service is used for currently active members and vesting service is used for currently inactive members.

Future Benefit Accruals

1.0 year of service credit per year.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Form of Payment

All active and inactive Tier 1 and Tier 3 members who are assumed to be married or with domestic partners at retirement are assumed to elect the 50% Joint and Survivor Cash Refund Annuity. For Tier 1 Enhanced, the continuance percentage is 70% for service retirement and nonservice-connected disability, and 80% for service-connected disability. Those members who are assumed to be un-married or without domestic partners are assumed to elect the Single Cash Refund Annuity.

Percent Married/Domestic Partner

For all active and inactive Members, 76% of male participants and 52% of female participants are assumed to be married or with domestic partner at pre-retirement death or retirement.

Age and Gender of Spouse

For all active and inactive Members, male Members are assumed to have a female spouse who is 3 years younger than the Member, and female Members are assumed to have a male spouse who is 2 years older than the Member.

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual fair value return and the expected return on the fair value, and is recognized over a seven-year period. The actuarial value of assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of fair value of assets, nor greater than 140% of fair value of assets.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retirement benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes, including the 2009 ERIP, are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. All the bases on or before June 30, 2012, except those arising from the 2009 ERIP and the two (at that time) GASB 25/27 layers, [1] were combined and amortized over 30 years effective June 30, 2012.

(1) The two GASB 25/27 layers have been fully amortized by the June 30, 2024 valuation.

Employer Contributions

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.00% (i.e., 2.50% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Internal Revenue Code Section 415

Section 415 of the Internal Revenue Code (IRC) specifies the maximum benefits that may be paid to an individual from a defined benefit plan and the maximum amounts that may be allocated each year to an individual's account in a defined contribution plan.

A qualified pension plan may not pay benefits in excess of the Section 415 limits. The ultimate penalty for non-compliance is disqualification: active members could be taxed on their vested benefits and the IRS may seek to tax the income earned on the plan's assets.

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of $160,000 indexed for inflation. That limit is $275,000 for 2024. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

Benefits in excess of the limits may be paid through a qualified governmental excess plan that meets the requirements of Section 415(m).

Legal counsel's review and interpretation of the law and regulations should be sought on any questions in this regard.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Contribution rates determined in this valuation have not been reduced for the Section 415 limitations. Actual limitations will result in gains as they occur.

Changes in Actuarial Assumptions, Methods or Models

There have been no changes in actuarial assumptions, methods or models since the last valuation.

Summary of Plan Provisions

LACERS administers a single-employer defined benefit Retirement Plan. The following summarizes the major provisions of LACERS Retirement Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Plan Year

July 1 through June 30

Census Date

June 30

Membership Eligibility

Tier 1 (§ 4.1002(a), § 4.1002.1)

All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 2 – Retirement Plan Description on pages 35 – 36 regarding the Membership). Includes Airport Peace Officers who did not pay for enhanced benefits.

Tier 1 Enhanced (§ 4.1002(e))

All Tier 1 Airport Peace Officers (including certain fire fighters) appointed to their positions before January 7, 2018 who elected to remain at LACERS after January 6, 2018, and who paid their mandatory additional contribution of $5,700 to LACERS before January 8, 2019, or prior to their retirement date, whichever was earlier.

Tier 3 (§ 4.1080.2(a))

All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Normal Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(a))

- Age 70; or
- Age 60 with 10 years of continuous City service; or
- Age 55 with at least 30 years of City service.

Tier 1

Amount (§ 4.1007(a))

2.16% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Tier 1 Enhanced

Amount (§ 4.1007(a))

2.30% per year of service credit (not greater than 100%) of the Final Average Monthly Compensation.

Summary of Plan Provisions (Continued)

Normal Retirement Benefit (Continued)

Tier 3

With less than 30 Years of Service (§ 4.1080.5(a)(2)(i))

Age & Service Requirement

Age 60 with 10 years of service, including 5 years of continuous City service.

Amount

1.50% per year of service credit at age 60 (not greater than 80%[(1)]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(2)(ii))

Age & Service Requirement

Age 60 with 30 years of service, including 5 years of continuous City service.

Amount

2.00% per year of service credit at age 60 (not greater than 80%[(1)]) of the Final Average Monthly Compensation.

(1) Except when benefit is based solely on the annuity component funded by the Member's contributions.

Early Retirement Benefit

Tier 1 & Tier 1 Enhanced

Age & Service Requirement (§ 4.1005(b))

- Age 55 with 10 years of continuous City service; or
- Any age with 30 years of City service.

Amount (§ 4.1007(a) & (b))

2.16% and 2.30% per year of service credit for Tier 1 and Tier 1 Enhanced, respectively, (not greater than 100%) of the Final Average Monthly Compensation, reduced for retirement ages below age 60 using the following Early Retirement benefit adjustment factors:

Age	Factor	Age	Factor
45	0.6250	53	0.8650
46	0.6550	54	0.8950
47	0.6850	55	0.9250
48	0.7150	56	0.9400
49	0.7450	57	0.9550
50	0.7750	58	0.9700
51	0.8050	59	0.9850
52	0.8350	60	1.0000

Tier 3

Age & Service Requirement (§ 4.1080.5(a)(1))

Prior to age 60 with 30 years of service, including 5 years of continuous City service.

Amount (§ 4.1080.5(a)(1))

2.00% per year of service credit (not greater than 80%[(1)]) of the Final Average Monthly Compensation, reduced for retirement ages below age 55 using the following Early Retirement benefit adjustment factors:

Age	Factor	Age	Factor
45	0.6250	50	0.7750
46	0.6550	51	0.8050
47	0.6850	52	0.8350
48	0.7150	53	0.8650
49	0.7450	54	0.8950
		55 - 60	1.0000

(1) Except when benefit is based solely on the annuity component funded by the Member's contributions.

Summary of Plan Provisions (Continued)

Enhanced Retirement Benefit

Tier 1 & Tier 1 Enhanced
Age & Service Requirement
Not applicable – see Normal Retirement age and service requirement.

Amount
Not applicable – see Normal Retirement amount.

Tier 3
With less than 30 Years of Service (§ 4.1080.5(a)(3)(i))
Age & Service Requirement
Age 63 with 10 years of service, including 5 years of continuous City service.

Amount
2.00% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

With 30 or more Years of Service (§ 4.1080.5(a)(3)(ii))
Age & Service Requirement
Age 63 with 30 years of service, including 5 years of continuous City service.

Amount
2.10% per year of service credit at age 63 (not greater than 80%[1]) of the Final Average Monthly Compensation.

(1) Except when benefit is based solely on the annuity component funded by the Member's contributions.

Service Credit

Tier 1, Tier 1 Enhanced, & Tier 3 (§ 4.1001(a) & § 4.1080.1(a))

The time component of the formula used by LACERS for purposes of calculating benefits.

Final Average Monthly Compensation

Tier 1 & Tier 1 Enhanced (§ 4.1001(b))
Equivalent of monthly average salary of highest continuous 12 months (one year); includes base salary plus regularly assigned pensionable bonuses or premium pay.[1]

Tier 3 (§ 4.1080.1(b))
Equivalent of monthly average salary of highest continuous 36 months (three years); limited to base salary and any items of compensation that are designated as pension based.[1]

(1) IRC Section 401(a)(17) compensation limit would apply to all employees who began membership in LACERS after June 30, 1996.

Post-Retirement Cost of Living Benefits

Tier 1 & Tier 1 Enhanced (§ 4.1022)
Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 3% per year; excess banked.

Tier 3 (§ 4.1080.17)
Based on changes to Los Angeles area[1] Consumer Price Index, to a maximum of 2% per year; excess not banked.

(1) Currently referred to as the Los Angeles-Long Beach-Anaheim Area, by the Bureau of Labor Statistics.

Summary of Plan Provisions (Continued)

Death after Retirement

Tier 1 & Tier 3 (§ 4.1010(c), § 4.1080.10(c), & § 4.1012(c))

- 50% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[1]; and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(1) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of either Section 4.1015 (Tier 1) or Section 4.1080.14 (Tier 3).

Tier 1 Enhanced (§ 4.1010.1(b), § 4.1010.1(i), & § 4.1010.1(j))

While on service-connected disability

- 80% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[1], [2]; and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(1) If the death occurs within three years of the retiree's retirement, the eligible survivor shall receive 80% of the Final Average Monthly Compensation (adjusted with Cost of Living benefit).

(2) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of Section 4.1010.1(c).

While on nonservice-connected disability or service retirement

- 70% of retiree's unmodified allowance continued to an eligible spouse or a domestic partner; or a modified continuance to an eligible spouse or a domestic partner at the time of Member's death (or a designated beneficiary selected by Member at the time of retirement)[3] and
- $2,500 lump sum death benefit paid to a designated beneficiary; and
- Any unused contributions if the Member has elected the cash refund annuity option.

(3) The retiree may elect at the time of retirement to take a reduced allowance in order to provide for a higher continuance percentage pursuant to the provisions of Section 4.1010.1(c).

Death before Retirement

Tier 1, Tier 1 Enhanced, & Tier 3 (§ 4.1010(a), § 4.1010.1(b), & § 4.1080.10(a))

Greater of:

Option #1:

- Eligibility – None.
- Benefit – Refund of employee contributions plus a limited pension benefit equal to 50% of monthly salary paid, according to the following schedule: [1]

(1) Refund only if less than one year of service credit.

Service Credit	Total Number of Monthly Payments
Less than 1 year	0
1 year	2
2 years	4
3 years	6
4 years	8
5 years	10
6+ years	12

Summary of Plan Provisions (Continued)

Death before Retirement (Continued)

Tier 1 & Tier 3

Option #2:

- Eligibility – Duty-related death or after five years of continuous service.
- Benefit – Deferred, service, optional, or disability survivorship benefit payable under 100% joint and survivor option to an eligible spouse or qualified domestic partner. (Limited pension waived.)
- Refund of accumulated contributions. No survivorship benefit payable with refund.

Tier 1 Enhanced

Service-Connected Death

Option #2:

- Eligibility – None.
- Benefit – 80% of Member's Final Average Monthly Compensation.

Nonservice-Connected Death

Option #2:

- Eligibility – 5 years of service (unless on military leave and killed while on military duties).
- Benefit – 50% of Member's Final Average Monthly Compensation.
- Eligibility – Less than 5 years of service.
- Benefit – The Basic Death Benefit shall consist of: (1) the return of a deceased Member's accumulated contributions to the Retirement System with accrued interest thereon, subject to the rights created by virtue of the Member's designation of a beneficiary as otherwise provided in the Retirement System; and (2) if the deceased Member had at least one year of service, the deceased Member's Final Compensation multiplied by the number of completed years of Service, not to exceed six years, provided that said amount shall be paid in monthly installments of one-half of the deceased Member's Final Compensation.

Member Contributions

Tier 1 & Tier 1 Enhanced (§ 4.1003)

Effective July 1, 2011, the Member contribution rate became 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution. The 7% Member rate shall be paid until June 30, 2026 or until the ERIP Cost Obligation (defined in ERIP Ordinance No. 180926) is fully paid, whichever comes first[(1)].

Beginning January 1, 2013, all non-represented Members and Members in certain bargaining groups are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy (this additional rate has increased to 4.5% for certain Members).

For Tier 1 (excluding Tier 1 Enhanced), members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

(1) The Member contribution rate will drop down to 6% afterwards.

Tier 3 (§ 4.1080.3)

The Member contribution rate is 7% for all employees. Of the 7% rate, 0.5% is the survivor contribution portion and 6.5% is the normal contribution.

All Members are required to pay an additional 4% Member contribution rate to defray the cost of providing a Retiree Medical Plan premium subsidy.

Members with no eligible spouse or domestic partner at retirement can request a refund of the survivor portion of the Member contributions (i.e., generally based on a contribution rate of 0.5% of pay).

Summary of Plan Provisions (Continued)

Disability

Tier 1 & Tier 3

Service Requirement (§ 4.1008(a) & § 4.1080.8(a))

5 years of continuous service.

Amount[1] (§ 4.1008(c) & § 4.1080.8(c))

1/70 (1.43%) of the Final Average Monthly Compensation per year of service or 1/3 of the Final Average Monthly Compensation, if greater.

[1] The benefit calculated using the service retirement formula will be paid if the Member is eligible and that benefit is greater than that calculated under the disability retirement formula.

Tier 1 Enhanced

Service Requirement (§ 4.1008.1)

Service-Connected Disability: None.

Nonservice-Connected Disability: 5 years of continuous service.

Amount[1] (§ 4.1008.1)

Service-Connected Disability: 30% to 90% of the Final Average Monthly Compensation depending on severity of disability, with a minimum of 2% of the Final Average Monthly Compensation per year of service.

Nonservice-Connected Disability: 30% to 50% of the Final Average Monthly Compensation depending on severity of disability.

[1] The benefit calculated using the service retirement formula will be paid if the Member is eligible and that benefit is greater than that calculated under the disability retirement formula.

Deferred Retirement Benefit (Vested)

Tier 1 & Tier 1 Enhanced (§ 4.1006)

Age & Service Requirement

- Age 70 with 5 years of continuous City service; or
- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 55 with at least 30 years of service.
- Deferred employee who meets part-time eligibility: age 60 and at least 10 years elapsed from first date of membership.

Amount

Normal Retirement Benefit (or refund of contributions and accumulated interest).

Age & Service Requirement

- A former Member who is not yet age 60 may retire for early retirement with an age-based reduced retirement allowance at age 55 or older with 5 years of continuous City service provided at least 10 years have elapsed from first date of membership; or
- Deferred employee who meets part-time eligibility: age 55 and at least 10 years elapsed from first date of membership.

Amount

Early Retirement Benefit (or refund of contributions and accumulated interest), using the following Early Retirement benefit adjustment factors:

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Summary of Plan Provisions (Continued)

Deferred Retirement Benefit (Vested) (Continued)

Tier 3 (§ 4.1080.6)

Age & Service Requirement

- Age 60 with 5 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 70 with 5 years of continuous City service, regardless of the number of years that have elapsed from first date of membership.

Amount

Normal retirement benefit (based on a Retirement Factor of 1.50%; or refund of contributions and accumulated interest).

Age & Service Requirement

- Age 60 with 30 years of continuous City service and at least 10 years elapsed from first date of membership; or
- Age 63 with 10 years of service, including 5 years of continuous City Service.

Amount

Normal retirement benefit (based on a Retirement Factor of 2.00%; or refund of contributions and accumulated interest).

Age & Service Requirement

Age 63 with 30 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

Enhanced retirement (benefit based on a Retirement Factor of 2.10%; or refund of contributions and accumulated interest).

Age & Service Requirement

Age 55 (but not yet 60) with 5 years of continuous City service and at least 10 years elapsed from first date of membership.

Amount

Early retirement benefit (based on a Retirement Factor of 1.50% and using the following Early Retirement benefit adjustment factors; or refund of contributions and accumulated interest):

Age	Factor
55	0.9250
56	0.9400
57	0.9550
58	0.9700
59	0.9850

Withdrawal of Contributions Benefit (Ordinary Withdrawal)

Refund of employee contributions with interest.

Changes in Plan Provisions

There have been no changes in plan provisions since the last valuation. As of the completion of the June 30, 2024 valuation, Segal understands that there is a ballot measure which when approved by the voters would allow certain LACERS active members to be transferred to the Los Angeles Fire and Police Pension Plan so that those members would receive Safety benefits available under that Plan. However, as that measure has not been approved as of the valuation completion date, Segal has not reflected the financial impact of the transfer in the report. Furthermore, even though the City has previously approved enhanced pre-retirement death and disability benefits for the above members if those members continue their participation at LACERS, Segal has not included in the June 30, 2024 valuation the cost of providing such enhanced benefits (estimated at less than 0.01% of the City-wide payroll based on an actuarial study prepared as of June 30, 2021). Segal will update both of these plan provision items in their contribution rate and liability calculations accordingly in their next valuation as of June 30, 2025.

Segal

180 Howard Street, Suite 1100
San Francisco, CA 94105-6147
segalco.com
T 415.263.8200

Actuarial Certification

November 4, 2024

This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the Los Angeles City Employees' Retirement System's other postemployment benefit (OPEB) program as of June 30, 2024, in accordance with generally accepted actuarial principles and practices. In particular, it is our understanding that the assumptions and methods used for funding purposes meet the parameters set by the Actuarial Standards of Practice (ASOPs). Actuarial valuations are performed annually for this other postemployment benefit program with the last valuation completed as of June 30, 2023.

The actuarial valuation is based on the plan of benefits verified by LACERS and reliance on participant, premium, claims and expense data provided by LACERS. Segal has not audited the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. Segal, however, has reviewed the data for reasonableness and consistency.

One of the general goals of an actuarial valuation is to establish contributions that fully fund the OPEB Plan's liabilities, and that, as a percentage of payroll, remain as level as possible for each generation of active members. Both the Normal Cost and the Actuarial Accrued Liability are determined under the Entry Age cost method.

The actuarial computations made are for funding plan benefits. Accordingly, additional determinations will be needed for other purposes, such as satisfying financial accounting requirements under Governmental Accounting Standards Board (GASB) Statements No. 74 and No. 75 and judging benefit security at termination of the plan.

Segal prepared all of the supporting schedules for the Actuarial Section of the Annual Comprehensive Financial Report (ACFR) and certain supporting schedules in the Financial Section, based on the results of the June 30, 2024 actuarial valuation. A listing of the supporting schedules Segal prepared for inclusion in the Financial Section, and in the Actuarial Section, is provided below:

<u>Financial Section</u>

1. Schedule of Net OPEB Liability[1]
2. Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios[1]
3. Schedule of Contribution History[1]

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2024.

November 4, 2024

Actuarial Section

4. Summary of Significant Valuation Results
5. Active Member Valuation Data
6. Retirees and Beneficiaries Added to and Removed from Health Benefits
7. Member Benefit Coverage Information
8. Schedule of Funding Progress
9. Actuarial Analysis of Financial Experience
10. Actuarial Balance Sheet
11. Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios[1]
12. Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2024[1]

LACERS' staff prepared other trend data schedules in the Statistical Section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the information necessary to fund the Plan with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and collectively meet their "General Qualification Standards for Statements of Actuarial Opinions" to render the actuarial opinion contained herein.

Andy Yeung

Andy Yeung, ASA, MAAA, FCA, EA
Vice President and Actuary

Mehdi Riazi

Mehdi Riazi, FSA, MAAA, FCA, EA
Vice President and Actuary

Mary Kirby

Mary P. Kirby, FSA, MAAA, FCA
Senior Vice President and Chief Health Actuary

[1] Source: Segal's GASB Statement No. 74 valuation report as of June 30, 2024.

Segal

Active Member Valuation Data

Member Population

Valuation Date	Active Members[1]	Covered Payroll	Annual Average Pay[2]	Change in Annual Average Pay (%)
06/30/2015	23,895	$1,907,664,598	$79,835	1.0%
06/30/2016	24,446	1,968,702,630	80,533	0.9
06/30/2017	25,457	2,062,316,129	81,012	0.6
06/30/2018	26,042	2,177,687,102	83,622	3.2
06/30/2019	26,632	2,225,412,831	83,562	(0.1)
06/30/2020	27,490	2,445,016,587	88,942	6.4
06/30/2021	25,176	2,254,165,029	89,536	0.7
06/30/2022	24,917	2,258,724,771	90,650	1.2
06/30/2023	25,875	2,512,179,018	97,089	7.1
06/30/2024	26,782	2,730,282,217	101,945	5.0

(1) Includes non-vested Members.
(2) Reflects annualized salaries for part-time Members.

Retirees and Beneficiaries Added to and Removed from Health Benefits

Valuation Date	No. of New Retirees/ Beneficiaries	Annual Subsidies Added[1]	No. of Retirees/ Beneficiaries Removed	Annual Subsidies Removed	No. of Retirees/ Beneficiaries at 6/30	Annual Subsidies at 6/30	Percent Increase in Annual Subsidies	Average Annual Subsidy
06/30/2015	860	$10,844,333	534	$3,174,045	14,012	$112,629,520	7.3%	$8,038
06/30/2016	837	2,185,058	536	3,102,492	14,313	111,712,086	(0.8)	7,805
06/30/2017	913	13,706,185	574	3,316,380	14,652	122,101,891	9.3	8,333
06/30/2018	1,104	17,413,241	612	3,649,382	15,144	135,865,750	11.3	8,972
06/30/2019	1,195	12,323,187	548	3,780,696	15,791	144,408,241	6.3	9,145
06/30/2020	967	7,878,817	651	3,979,061	16,107	148,307,997	2.7	9,208
06/30/2021	2,135	25,826,129	742	5,162,633	17,500	168,971,493	13.9	9,656
06/30/2022	893	5,631,315	640	4,809,300	17,753	169,793,508	0.5	9,564
06/30/2023	699	1,517,839	693	568,742	17,759	170,742,605	0.6	9,614
06/30/2024	784	5,382,994	628	555,229	17,909[2]	175,570,370	2.8	9,803

(1) Also reflects changes in subsidies for continuing retirees and beneficiaries.
(2) Total participants including married dependents currently receiving benefits are 23,769.

Member Benefit Coverage Information

For Years Ended June 30
(Dollars in Thousands)

	Aggregate Actuarial Accrued Liabilities For				Portion of Aggregate Accrued Liabilities Covered by Reported Assets		
Valuation Date	Inactive/ Vested Members	Retirees, Beneficiaries & Dependents	Active Members	Valuation Value of Assets	Inactive/ Vested Members	Retirees, Beneficiaries & Dependents	Active Members
06/30/2015	$42,943	$1,210,067	$1,393,980	$2,108,925	100%	100%	61%
06/30/2016	50,413	1,275,604	1,467,671	2,248,753	100	100	63
06/30/2017	62,252	1,379,357	1,564,197	2,438,458	100	100	64
06/30/2018	67,138	1,497,370	1,692,320	2,628,844	100	100	63
06/30/2019	65,887	1,600,131	1,668,281	2,812,662	100	100	69
06/30/2020	70,327	1,677,723	1,738,481	2,984,424	100	100	71
06/30/2021	74,600	1,869,445	1,576,034	3,330,377	100	100	88
06/30/2022	74,632	1,900,861	1,605,203	3,472,956	100	100	93
06/30/2023	76,592	1,784,281	1,544,216	3,646,978	100	100	100
06/30/2024	86,361	1,824,659	1,659,128	3,855,959	100	100	100

Schedule of Funding Progress

For Years Ended June 30
(Dollars in Thousands)

Valuation Date	Valuation Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b)-(a)]/(c)
06/30/2015	$2,108,925	$2,646,989	$538,064	79.7 %	$1,907,665	28.2 %
06/30/2016	2,248,753	2,793,688	544,935	80.5	1,968,703	27.7
06/30/2017	2,438,458	3,005,806	567,348	81.1	2,062,316	27.5
06/30/2018	2,628,844	3,256,828	627,984	80.7	2,177,687	28.8
06/30/2019	2,812,662	3,334,299	521,637	84.4	2,225,413	23.4
06/30/2020	2,984,424	3,486,531	502,107	85.6	2,445,017	20.5
06/30/2021	3,330,377	3,520,078	189,701	94.6	2,254,165	8.4
06/30/2022	3,472,956	3,580,696	107,740	97.0	2,258,725	4.8
06/30/2023	3,646,978	3,405,088	(241,890)	107.1	2,512,179	(9.6)
06/30/2024	3,855,959	3,570,148	(285,811)	108.0	2,730,282	(10.5)

Please refer to the required supplementary information of the Financial section for the ten-year schedule of actuarially determined contributions and actual contributions.

Actuarial Analysis of Financial Experience

Development of Unfunded Actuarial Accrued Liability
for Year Ended June 30, 2024

1.	Unfunded actuarial accrued liability as of June 30, 2023	$ (241,889,698)
2.	Employer normal cost as of June 30, 2023	96,467,041
3.	Expected employer contributions during 2023-24 fiscal year	(83,191,300)
4.	Interest	(15,911,164)
5.	Expected unfunded actuarial accrued liability as of June 30, 2024 (1 + 2 + 3 + 4)	$ (244,525,121)
6.	Change due to investment gain, after smoothing	(10,615,389)
7.	Change due to actual contributions more than expected	(14,592,050)
8.	Change due to miscellaneous demographic gains and losses	(38,374,265)
9.	Change due to updated 2024/2025 premiums, underlying claims estimates and subsidy levels	(73,011,714)
10.	Change due to updated trend assumption to project future medical premiums after 2024/2025	95,307,619
11.	Unfunded actuarial accrued liability as of June 30, 2024 (5 + 6 + 7 + 8 + 9 + 10)	$ (285,810,920)

Actuarial Balance Sheet

For Year Ended June 30, 2024

Assets	
1. Actuarial value of assets	$ 3,855,958,577
2. Present value of future normal costs	951,766,051
3. Unfunded actuarial accrued liability	(285,810,920)
4. Present value of current and future assets	$ 4,521,913,708
Liabilities	
5. Actuarial present value of total projected benefits	$ 4,521,913,708

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2024	2023	2022	2021
Total OPEB Liability				
Service cost[1]	$ 96,467	$ 81,028	$ 81,415	$ 84,817
Interest	239,773	250,838	246,694	244,776
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(38,374)	(12,048)	(369)	10,672
Changes of assumptions	22,296	(336,075)	(109,877)	(157,614)
Benefit payments[2]	(155,102)	(159,351)	(157,245)	(149,103)
Net change in total OPEB liability	165,060	(175,608)	60,618	33,548
Total OPEB liability-beginning	3,405,088	3,580,696	3,520,078	3,486,530
Total OPEB liability-ending (a)	$ 3,570,148	$ 3,405,088	$ 3,580,696	$ 3,520,078
Plan Fiduciary net position				
Contributions-employer	$ 97,094	$ 90,581	$ 91,623	$ 103,454
Net investment income (loss)	322,658	269,611	(360,636)	983,522
Benefit payments[2]	(155,102)	(159,351)	(157,245)	(149,103)
Administrative expense	(8,871)	(8,226)	(7,619)	(7,425)
Other[3]	0	0	(4)	-
Net change in Plan Fiduciary net position	255,779	192,615	(433,881)	930,448
Plan Fiduciary net position-beginning	3,540,386	3,347,771	3,781,652	2,851,204
Plan Fiduciary net position-ending (b)	$ 3,796,165	$ 3,540,386	$ 3,347,771	$ 3,781,652
Plan's net OPEB (asset) liability-ending (a)-(b)	$ (226,017)	$ (135,298)	$ 232,925	$ (261,574)
Plan Fiduciary net position as a percentage of the total OPEB liability (b)/(a)	106.3%	104.0%	93.5%	107.4%
Covered payroll	$ 2,460,394	$ 2,307,336	$ 2,155,005	$ 2,276,768
Plan's net OPEB (asset) liability as a percentage of covered payroll	(9.2)%	(5.9)%	10.8%	(11.5)%

(1) The service cost is based on the previous year's valuation.

(2) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

(3) Adjustment made to beginning of year assets in order to match the June 30, 2021 Plan Fiduciary Net Position restated by LACERS after the completion of the June 30, 2021 GAS 74 valuation report.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2020	2019	2018	2017
Total OPEB Liability				
Service cost(1)	$ 76,423	$ 74,478	$ 74,611	$ 68,385
Interest	242,666	236,678	218,686	210,170
Changes of benefit terms	-	-	948	-
Differences between expected and actual experience(2)	(135,720)	(134,053)	(7,321)	19,666
Changes of assumptions(2)	96,076	33,940	92,178	33,512
Benefit payments(3)	(127,214)	(133,571)	(128,081)	(119,616)
Net change in total OPEB liability	152,231	77,472	251,021	212,117
Total OPEB liability-beginning	3,334,299	3,256,827	3,005,806	2,793,689
Total OPEB liability-ending (a)	$ 3,486,530	$ 3,334,299	$ 3,256,827	$ 3,005,806
Plan Fiduciary net position				
Contributions-employer	$ 112,136	$ 107,927	$ 100,909	$ 97,457
Net investment income (loss)	60,899	166,470	269,380	330,708
Benefit payments(3)	(127,214)	(133,571)	(128,081)	(119,616)
Administrative expense	(6,715)	(5,099)	(4,699)	(4,564)
Other	-	-	-	-
Net change in Plan Fiduciary net position	39,106	135,727	237,509	303,985
Plan Fiduciary net position-beginning	2,812,098	2,676,371	2,438,862	2,134,877
Plan Fiduciary net position-ending (b)	$ 2,851,204	$ 2,812,098	$ 2,676,371	$ 2,438,862
Plan's net OPEB (asset) liability-ending (a)-(b)	$ 635,326	$ 522,201	$ 580,456	$ 566,944
Plan Fiduciary net position as a percentage of the total OPEB liability (b)/(a)	81.8%	84.3%	82.2%	81.1%
Covered payroll	$ 2,271,039	$ 2,108,171	$ 2,057,565	$ 1,973,049
Plan's net OPEB (asset) liability as a percentage of covered payroll	28.0%	24.8%	28.2%	28.7%

(1) The service cost is based on the previous year's valuation.

(2) After the GASB Statement No. 74 valuation report was issued for the fiscal year June 30, 2017, the System's consulting actuary reclassified $12,450,000 of OPEB liability from the *Changes of Assumption* (revised from $45,962,000 to $33,512,000) to the *Differences Between Expected and Actual Experience* (revised from $7,216,000 to $19,666,000). However, this reclassification did not affect the recommended employer contribution rates or results of the OPEB valuation in total.

(3) Benefit payments associated with the self-funded insurance premium and Member's health insurance premium reserve that were reported as both additions and deductions in fiduciary net position beginning fiscal year 2019 were excluded from the above schedule.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios
For the Fiscal Years Ended June 30
(Dollars in Thousands)

	2016
Total OPEB Liability	
Service cost[(1)]	$ 62,360
Interest	199,078
Changes of benefit terms	17,215
Differences between expected and actual experience	(22,013)
Changes of assumptions	-
Benefit payments	(109,940)
Net change in total OPEB liability	146,700
Total OPEB liability-beginning	2,646,989
Total OPEB liability-ending (a)	$ 2,793,6899
Plan Fiduciary net position	
Contributions-employer	$ 105,983
Net investment income (loss)	(344)
Benefit payments	(109,940)
Administrative expense	(4,528)
Other	-
Net change in Plan Fiduciary net position	(8,829)
Plan Fiduciary net position-beginning	2,143,706
Plan Fiduciary net position-ending (b)	$ 2,134,706
Plan's net OPEB (asset) liability-ending (a)-(b)	$ 658,812
Plan Fiduciary net position as a percentage of the total OPEB liability (b)/(a)	76.4%
Covered payroll	$ 1,876,946
Plan's net OPEB (asset) liability as a percentage of covered payroll	35.1%

(1) The service cost is based on the previous year's valuation.

Schedule of Changes in Net OPEB (Asset) Liability and Related Ratios (Continued)

Notes to Schedule:

Changes of Benefit Terms: The OPEB liability from the changes of benefit terms for the fiscal year ended June 30, 2016 was primarily due to providing retiree healthcare benefits to part-time employees who retired with 10 years of service but less than 10 years of service credit (refer to Note 3 – Postemployment Health Care Plan Description, Eligibility Requirement and Benefits Provided on pages 41 - 42) while the June 30, 2018 increase was primarily as a result of the newly adopted enhanced benefits for Airport Peace Officers (APO) who elected to stay at LACERS Plan (refer to Note 2 – Retirement Plan Description, Tier 1 – Enhanced Benefits on page 36) as some APO Members may retire earlier than expected. Enhanced benefits became effective as of January 7, 2018.

Changes of Assumptions: The OPEB liability from the changes of assumptions for the fiscal year ended June 30, 2017 was primarily due to the lowered assumed investment rate of return, from 7.50% to 7.25%. The June 30, 2018 liability increase was primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2014 through June 30, 2017), including revising the mortality tables from static to generational, while the June 30, 2019 increase was mainly due to the increased Medicare Part B Premium Trend Rate from 4.0% to 4.5%. The June 30, 2020 liability increase was primarily due to the new actuarial assumptions adopted in the triennial experience study (July 1, 2016 through June 30, 2019), including the lowered assumed investment rate of return, from 7.25% to 7.00%. The June 30, 2021 liability decrease was primarily due to 2021/2022 premium and subsidy levels lower than expected from favorable premium renewal experience. The June 30, 2022 liability decrease was primarily due to favorable 2022/2023 premium renewal experience and lower 2022/2023 subsidy levels than expected. The June 30, 2023 liability decrease was primarily due to lower overall 2023/2024 premiums and subsidy levels than expected, and to a lesser degree the new assumptions adopted in the triennial experience study (July 1, 2019 to June 30, 2022). The OPEB liability increase from changes of assumptions for fiscal year ended June 30, 2024 was mainly due to updated trend assumptions for prescription drug costs and Part B premiums. The impact of the higher trend assumptions was mostly offset by the updated starting costs for 2024/2025.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2024

(Dollars in Millions)

Year Beginning July 1,	Projected Beginning OPEB Plan Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Admin. Expenses (d)	Projected Investment Earnings (e)	Projected Ending OPEB Plan Fiduciary Net Position (a)+(b)-(c)-(d)+(e)
2023	$3,540	$97	$155	$9	$323	$3,796
2024	3,796	93	176	10	263	3,967
2025	3,967	101	182	10	274	4,151
2026	4,151	98	190	10	287	4,335
2027	4,335	96	201	11	299	4,519
2028	4,519	93	212	11	312	4,700
2029	4,700	90	223	12	324	4,879
2030	4,879	87	236	12	336	5,053
2031	5,053	84	250	13	347	5,222
2050	6,883	25	481	17	465	6,876
2051	6,876	21	495	17	464	6,849
2052	6,849	18	509	17	462	6,802
2053	6,802	14	522	17	458	6,735
2054	6,735	11	535	17	453	6,647
2087	3,369	0[1]	193	8	229	3,397
2088	3,397	0[1]	176	9	231	3,444
2089	3,444	0[1]	159	9	235	3,511
2090	3,511	0[1]	142	9	241	3,601
2091	3,601	0[1]	126	9	247	3,713
2107	8,555	0[1]	3	21	598	9,128
2108	9,128	0[1]	2	23	638	9,741
2109	9,741	0[1]	2	24	681	10,396
2110	10,396	0[1]	1	26	727	11,096
2111	11,096	0[1]	1	28	776	11,843
2112	11,843	0[1]	0	30	828	12,641
2113	12,641	0[1]	0	32	884	13,493
2114	13,493	0[1]	0	34	943	14,402
2115	14,402	0[1]	0	36	1,007	15,373
2116	15,373	0[1]	0	39	1,075	16,409
2117	16,409	0[1]	0	41	1,147	17,515
2118	17,515	0[1]	0	44	1,225	18,696
2119	18,696	0[1]	0	47	1,307	19,956
2120	19,956	0[1]	0	50	1,395	21,301
2121	21,301	0[1]	0	53	1,489	22,737
2122	22,737	0[1]	0	57	1,590	24,269
2123	$22,737					
2123	Discounted: $30[2]					

[1] Mainly attributable to employer contributions to fund each year's annual administrative expenses.
[2] $22,737 million when discounted with interest at the rate of 7.00% per annum has a value of $30 million as of June 30, 2024.

Note that in preparing the above projections, we have not taken into consideration the one-year delay between the date of the contribution rate calculation and the implementation.

Projection of OPEB Plan Fiduciary Net Position for Use in Calculation of Discount Rate of 7.00% and Preparation of GASB 74 Report as of June 30, 2024 (Continued)

Notes to Schedule:

1. Amounts may not total exactly due to rounding.

2. Amounts shown for the year beginning July 1, 2023 row are actual amounts, based on the unaudited financial statements provided by LACERS.

3. Years 2032-2049, 2055-2086, and 2092-2106 have been omitted from this table.

4. Column (a): Except for the "discounted value" shown for 2123, none of the projected beginning OPEB Plan Fiduciary Net Position amounts shown have been adjusted for the time value of money.

5. Column (b): Projected total contributions include employer normal cost contributions based on closed group projections (based on covered active Members as of June 30, 2024); plus employer contributions to the unfunded actuarial accrued liability; plus contributions to fund each year's annual administrative expenses. Unfunded accrued liabilities are amortized over closed 20 and 15-year periods, depending on the source of the changes. Contributions are assumed to occur halfway though the year, on average. Any actuarial surplus is amortized over 30 years on an open (non-decreasing) basis. Zeros represent dollar amounts less than $1 million, when rounded.

6. Column (c): Projected benefit payments have been determined in accordance with paragraph 43 of GASB Statement No. 74, and are based on the closed group of active, inactive vested, retired Members, and beneficiaries as of June 30, 2024. The projected benefit payments reflect future health care trends used in the June 30, 2024 funding valuation report. Benefit payments are assumed to occur halfway through the year, on average. In accordance with paragraph 49 of GASB Statement No. 74, the long-term expected rate of return on Plan investments of 7.00% was applied to all periods of projected benefit payments to determine the discount rate. Zeros represent dollar amounts less than $1 million, when rounded.

7. Column (d): Projected administrative expenses are calculated as approximately 0.25% of the projected beginning OPEB Plan Fiduciary Net Position amount. The 0.25% portion was based on the actual fiscal year 2023-24 administrative expenses as a percentage of the beginning OPEB Plan Fiduciary Net Position amount as of July 1, 2023. Administrative expenses are assumed to occur halfway through the year, on average.

8. Column (e): Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum.

9. As illustrated in this Schedule, the OPEB Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current Plan Members. In other words, there is no projected 'cross-over date' when projected benefits are not covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the Total OPEB Liability as of June 30, 2024 shown in the GASB 74 report, pursuant to paragraph 49 of GASB Statement No. 74.

Summary of Actuarial Assumptions and Actuarial Cost Method

Rationale for Assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated June 21, 2023 and the retiree health assumptions letter dated September 18, 2024. Unless otherwise noted, all actuarial assumptions and methods shown below apply to both Tier 1 and Tier 3 Members. These assumptions have been adopted by the Board.

Measurement Date

June 30, 2024.

Data

LACERS provided detailed census data and financial information for post-employment benefits.

Post-Retirement Mortality Rates

Healthy Members

Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled Members

Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Tables with rates increased by 5% for males and decreased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries

Beneficiaries not currently in pay status: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiaries currently in pay status: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Tables with rates increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The Pub-2010 mortality tables and adjustments as shown reasonably reflect the mortality experience as of the measurement date. These mortality tables were adjusted to future years using the generational projection to reflect future mortality improvement between the measurement date and those years.

Pre-Retirement Mortality Rates

Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables with rates increased by 10% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disability Incidence

Age	Rate (%)
25	0.01
30	0.02
35	0.03
40	0.05
45	0.10
50	0.14
55	0.15
60	0.16
65	0.20

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Termination

Years of Service	Rate (%)
Less than 1	10.50
1 – 2	10.00
2 – 3	9.00
3 – 4	7.75
4 – 5	6.25
5 – 6	5.25
6 – 7	5.00
7 – 8	4.75
8 – 9	4.50
9 – 10	4.25
10 – 11	4.00
11 – 12	3.75
12 – 13	3.50
13 – 14	3.00
14 – 15	2.75
15 & over	2.50

No termination is assumed after a member is eligible for retirement (as long as a retirement rate is present).

Retirement Rates

	Rate (%)					
	Tier 1		Tier 1 Enhanced		Tier 3	
Age	Non-55/30	55/30	Non-55/30	55/30	Non-55/30	55/30
50	5.0	0.0	6.0	0.0	5.0	0.0
51	3.0	0.0	5.0	0.0	3.0	0.0
52	3.0	0.0	5.0	0.0	3.0	0.0
53	3.0	0.0	5.0	0.0	3.0	0.0
54	18.0	0.0	18.0	0.0	17.0	0.0
55	6.0	27.0	10.0	30.0	0.0[1]	26.0
56	6.0	18.0	10.0	22.0	0.0[1]	17.0
57	6.0	18.0	10.0	22.0	0.0[1]	17.0
58	6.0	18.0	10.0	22.0	0.0[1]	17.0
59	6.0	18.0	10.0	22.0	0.0[1]	17.0
60	9.0	18.0	11.0	22.0	8.0	17.0
61	9.0	18.0	11.0	22.0	8.0	17.0
62	9.0	18.0	11.0	22.0	8.0	17.0
63	9.0	18.0	11.0	22.0	8.0	17.0
64	9.0	18.0	11.0	22.0	8.0	17.0
65	16.0	21.0	20.0	26.0	15.0	20.0
66	16.0	21.0	20.0	26.0	15.0	20.0
67	16.0	21.0	20.0	26.0	15.0	20.0
68	16.0	21.0	20.0	26.0	15.0	20.0
69	16.0	21.0	20.0	26.0	15.0	20.0
70 & Over	100.0	100.0	100.0	100.0	100.0	100.0

[1] Not eligible to retire under the provisions of the Tier 3 plan at these ages with less than 30 years of service. If a member has at least 30 years of service at these ages, they would be subject to the "55/30" rates.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Retirement Age and Benefit for Inactive Vested Members

Assume retiree health benefit will be paid at the later of age 59 or the current attained age.

Unknown Data for Members

Same as those exhibited by Members with similar known characteristics. If not specified, Members are assumed to be male.

Service

Employment service is used for eligibility determination purposes. Benefit service is used for benefit calculation purposes.

Future Benefit Accruals

1.0 year of service credit per year

Net Investment Return

7.00%[1]

[1] Net of investment and administrative expenses for funding purposes, and net of investment expenses only for financial reporting purposes.

Discount Rate

7.00%

Payroll Growth

Inflation of 2.50% per year plus real "across the board" salary increases of 0.50% per year, used to amortize the UAAL as a level percentage of payroll.

Salary Increases

Inflation: 2.50%; plus additional 0.50% "across the board" salary increases (other than inflation); plus the following merit and promotion increases:

Years of Service	Rate (%)
Less than 1	6.00
1 – 2	5.90
2 – 3	5.40
3 – 4	4.20
4 – 5	3.50
5 – 6	2.80
6 – 7	2.50
7 – 8	2.10
8 – 9	1.80
9 – 10	1.60
10 – 11	1.50
11 – 12	1.40
12 – 13	1.30
13 – 14	1.20
14 – 15	1.10
15 & Over	1.00

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development

The assumed costs on a composite basis are the future costs of providing postemployment health care benefits at each age. To determine the assumed costs on a composite basis, historical premiums are reviewed and adjusted for increases in the cost of health care services.

Maximum Dental Subsidy
2024-25 Fiscal Year

Carrier	Election Percent	Maximum Monthly Dental Subsidy
Delta Dental PPO	82.1%	$42.93
DeltaCare USA	17.9%	$15.40

Medicare Part B Premium Subsidy	
Actual monthly premium for calendar year 2024	$174.70
Actual monthly premium for calendar year 2025[1]	$185.53
Projected average monthly premium for plan year 2024/2025	$180.12

[1] Based on calendar year 2024 premium adjusted to 2025 by assumed trend rate of 6.20%.

LACERS will not reimburse Medicare Part B premiums for spouses/domestic partners, unless they are LACERS retired Members with Medicare Parts A and B enrolled as a dependent in a LACERS medical plan. This valuation does not reflect Medicare Part B reimbursement for any (married or surviving) spouses/domestic partners enrolled in Medicare Parts A and B.

For retirees age 65 and over on the valuation date, Segal valued the Medicare Part B premium subsidy reported in the data with Medicare Part B premium. For current and future retirees under age 65, Segal will assume 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Under Age 65 or Not Eligible for Medicare A & B
2024-25 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser HMO	60.2%	$1,084.53	$2,169.06	$1,084.53
Anthem BC PPO	22.2%	$1,657.12	$2,253.08	$1,084.53
Anthem BC HMO	17.6%	$1,323.59	$2,253.08	$1,084.53

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

Maximum Monthly Medical Subsidy
(Tier 1 Members Not Subject to Medical Subsidy Cap and all Tier 3 Members)
Participant Eligible for Medicare A & B
2024-25 Fiscal Year

Carrier	Observed and Assumed Election Percent	Single Party Subsidy	Married/with Domestic Partner Subsidy	Eligible Survivor Subsidy
Kaiser Senior Adv. HMO	55.9%	$262.47	$524.94	$262.47
Anthem Medicare Preferred (PPO)	34.4%	$435.26	$865.49	$435.26
UHC Medicare Advantage Plan[1]	5.5%	$261.20	$517.37	$261.20
SCAN Medicare Advantage Plan	4.2%	$226.93	$448.83	$226.93

[1] Rates for CA plan.

Tier 1 Members who are subject to the retiree medical subsidy cap will have monthly health insurance subsidy maximums capped at the levels in effect at July 1, 2011, as shown in the table below.

Maximum Monthly Medical Subsidy
(Tier 1 Members Subject to Retiree Medical Subsidy Cap)

	Single Party Subsidy	Married/With Domestic Partner Subsidy	Eligible Survivor Subsidy
Under Age 65: All Plans	$1,190.00	$1,190.00	$593.62
Age 65 and Over:			
Kaiser Senior Adv.	$203.27	$308.74	$203.27
Anthem Medicare Preferred (PPO)	$435.26	$478.43	$435.26
UHC California Medicare Adv. HMO	$219.09	$219.09[1]	$219.09
SCAN Medicare Advantage Plan	$223.88	$223.88[1]	$223.88

[1] The reason the subsidy is only at the single-party amount is that there is no excess subsidy to cover a dependent.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Per Capita Cost Development (Continued)

These rates only apply to a small number of deferred vested members, retirees and beneficiaries. No active members are subject to the retiree medical subsidy cap.

Per capita costs were based on the premiums for the valuation year. Actuarial factors were applied to the premiums to estimate individual retiree and spouse costs by age and by gender in accordance with ASOP 6.

Spouse/Domestic Partner Coverage

For all active and inactive members, 60% of male and 35% of female retirees who receive a retiree health subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage. Of these covered spouses/domestic partners, 100% are assumed to continue coverage if the retiree predeceases the spouse/domestic partner.

Male retirees are assumed to be four years older than their female spouses/domestic partners. Female retirees are assumed to be two years younger than their male spouses/domestic partners.

Participation

Retiree Medical and Dental Coverage Participation:

Years of Service Range	Percent Covered[1]
10 – 14	60%
15 – 19	80%
20 – 24	90%
25 and Over	95%

[1] Deferred vested Members are assumed to elect coverages at 50% of the rates shown above.

100% of retirees becoming eligible for Medicare are assumed to be covered by both Parts A and B.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Health Care Cost Subsidy Trend Rates

Trends to be applied in following fiscal years, to all health plans.

First Fiscal Year (July 1, 2024 through June 30, 2025):

Plan	Trend to be applied to 2024-25 Fiscal Year premium
Anthem BC HMO, Under Age 65	7.71%
Anthem BC PPO, Under Age 65	7.72%
Kaiser HMO, Under Age 65	6.88%
Anthem Preferred PPO Medicare Advantage	0.25%
Kaiser Senior Advantage	0.25%
UHC CA Medicare Advantage	10.20%
SCAN	0.25%

The fiscal year trend rates are based on the following calendar year trend rates:

Fiscal Year	Trend (Approx.)		Calendar Year	Trend (applied to calculate following year premium)		
	Non-Medicare	Medicare		Non-Medicare	Medicare	Medicare Part B
2025–26	7.37%	3.76%	2025	7.50%(1)	0.50%(2)	6.20%
2026–27	7.12%	6.87%	2026	7.25%	7.00%	6.20%
2027–28	6.87%	6.62%	2027	7.00%	6.75%	6.20%
2028–29	6.62%	6.37%	2028	6.75%	6.50%	6.20%
2029–30	6.37%	6.12%	2029	6.50%	6.25%	6.20%
2030–31	6.12%	5.87%	2030	6.25%	6.00%	6.20%
2031–32	5.87%	5.62%	2031	6.00%	5.75%	6.20%
2032–33	5.62%	5.37%	2032	5.75%	5.50%	6.20%
2033–34	5.37%	5.12%	2033	5.50%	5.25%	6.20%
2034–35	5.12%	4.87%	2034	5.25%	5.00%	5.75%
2035–36	4.87%	4.62%	2035	5.00%	4.75%	5.50%
2036–37	4.62%	4.50%	2036	4.75%	4.50%	5.25%
2037–38	4.50%	4.50%	2037	4.50%	4.50%	5.00%
2038–39	4.50%	4.50%	2038	4.50%	4.50%	4.75%
2039 and later	4.50%	4.50%	2039	4.50%	4.50%	4.50%

(1) For example, the 7.50% assumption, when applied to the 2025 non-Medicare medical premiums would provide the projected 2026 non-Medicare medical premiums. This trend would also be applied to the maximum medical subsidy, based on the non-Medicare Kaiser premium.

(2) On average, the carrier rates for the Medicare plans are roughly 7.30% lower than the member rates. The estimated 0.50% increase to the member rates for calendar year 2025 is based on an assumed 7.80% increase to the carrier rates. Because member premium rates are used for valuation purposes, the trend assumption anticipates the change in the member rate.

Delta Dental PPO Premium Trend: 1.50% applied to 2024-25 fiscal year premium, then 3.00% thereafter.

Deltacare Premium Trend: 3.48% applied to 2024-25 fiscal year premium, then 3.00% thereafter.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Health Care Reform

The valuation does not reflect the potential impact of any future changes due to prior or pending legislations.

Administrative Expenses

No administrative expenses were valued separately from the premium costs.

Actuarial Cost Method

Entry Age Cost Method, level percent of salary. Entry age is calculated as age on the valuation date minus years of benefit service rounded down to the number of completed years. Both the normal cost and the actuarial accrued liability are calculated on an individual basis.

Actuarial Value of Assets

Fair value of assets less unrecognized returns in each of the last seven years. Unrecognized return is equal to the difference between the actual and expected returns on a fair value basis, and is recognized over a seven-year period. The actuarial value of assets cannot be less than 60% of fair value of assets nor greater than 140% of fair value of assets.

Valuation Value of Assets

The portion of the total actuarial value of assets allocated for retiree health benefits, based on a prorated share of fair value.

Amortization Policy

The amortization method for the UAAL is a level percent of payroll, assuming annual increases in total covered payroll equal to inflation plus across the board increases (other than inflation).

Changes in the UAAL due to actuarial gains/losses are amortized over separate 15-year periods. Changes in the UAAL due to assumption or method changes are amortized over separate 20-year periods. Plan changes and health trend and premium assumption changes are amortized over separate 15-year periods. Future ERIPs will be amortized over 5 years. Any actuarial surplus is amortized over 30 years. The plan had an actuarial surplus as of June 30, 2023 and June 30, 2024. Prior to the June 30, 2023 valuation, the plan had a positive UAAL and all bases as of June 30, 2020 were re-amortized over 21 years effective with the June 30, 2021 valuation. When the plan reached surplus in 2023, all prior amortization bases were deemed fully amortized.

An adjustment is made to the amortization period of all the UAAL actuarial gain layers to be the longer of 15 years or the remaining amortization period for the outstanding UAAL layers when the total UAAL contribution is negative (a credit) but there is still a UAAL balance.

Employer Contributions

Employer contributions consist of two components:

Normal Cost

The annual contribution rate that, if paid annually from a member's first year of membership through the year of retirement, would accumulate to the amount necessary to fully fund the member's retirement-related benefits. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution rate is expressed as a level percentage of the member's compensation.

Summary of Actuarial Assumptions and Actuarial Cost Method (Continued)

Employer Contributions (Continued)

Contribution to the Unfunded Actuarial Accrued Liability (UAAL)

The annual contribution rate that, if paid annually over the UAAL amortization period, would accumulate to the amount necessary to fully fund the UAAL. Accumulation includes annual crediting of interest at the assumed investment earnings rate. The contribution (or rate credit in the case of a negative UAAL) is calculated to remain as a level percentage of future active member payroll (including payroll for new members as they enter the System) assuming a constant number of active members. In order to remain as a level percentage of payroll, amortization payments (credits) are scheduled to increase at the annual rate of 3.00% (i.e., 2.50% inflation plus 0.50% across-the-board salary increase).

The amortization policy is described above.

Assumption Changes since Prior Valuation

Per capita costs and associated trend assumptions were updated to reflect 2025 calendar year premiums/subsidies and updated trend assumptions for 2026 and after.

Summary of Plan Provisions

LACERS administers a single-employer postemployment health care plan. The following summarizes the major benefit provisions of the Health Plan as included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Membership Eligibility

Tier 1 (§4.1002(a))

All employees who became Members of LACERS before July 1, 2013, and certain employees who became Members of LACERS on or after July 1, 2013. In addition, pursuant to Ordinance No. 184134, all Tier 2 employees who became Members of LACERS between July 1, 2013 and February 21, 2016 were transferred to Tier 1 effective February 21, 2016 (refer to Note 3 – Postemployment Health Care Plan Description on pages 41 – 42, regarding the Membership).

Tier 3 (§4.1080.2(a))

All employees who became Members of LACERS on or after February 21, 2016, except as provided otherwise in Section 4.1080.2(b) of the Los Angeles Administrative Code.

Benefit Eligibility

Tier 1 (§4.1111(a)) and Tier 3 (§4.1126(a))

Retired age 55 or older with at least 10 years of service (including deferred vested Members who terminate employment and receive a retirement benefit from LACERS), or if retirement date is between October 2, 1996 and September 30, 1999 at age 50 or older with at least 30 years of service. Benefits are also payable to spouses, domestic partners, or other qualified dependents while the retiree is alive. The health subsidy is not payable to a service or disabled retiree before the Member reaches age 55.

Summary of Plan Provisions (Continued)

Medical Subsidy for Members Not Subject to Cap

Under Age 65 or Over Age 65 Without Medicare Part A:

Tier 1 (§4.1111(d)) and Tier 3 (§4.1126(c))
Both Tier 1 and Tier 3 Members will be eligible for 40% of maximum medical plan premium subsidy for 10 whole years of service credit, and eligible Members earn 4% per year of service credit for their annual medical subsidy accrual after 10 years of service (limited to actual premium).

As of July 1, 2024, the maximum monthly health subsidy is $2,187.58, and will be $2,318.58 per month as of January 1, 2025. This amount includes coverage of dependent premium costs.

Over Age 65 and Enrolled in Both Medicare Parts A and B:

Tier 1 (§4.1111(e)) and Tier 3 (§4.1126(d))
For retirees, a maximum health subsidy shall be paid in the amount of the single-party monthly premium of the approved Medicare supplemental or coordinated plan in which the retiree is enrolled, subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Subsidy Cap for Tier 1

Tier 1 (§4.1111(b))
As of the June 30, 2011 valuation, the retiree health benefits program was changed to cap the medical subsidy for non-retired Members who do not contribute an additional 4.0% or 4.5% of employee contributions to the System.

The capped subsidy is different for Medicare and non-Medicare retirees. The cap applies to the medical subsidy limits at the 2011 calendar year level. The cap does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Dependents

Tier 1 (§4.1111(e)(4)) and Tier 3 (§4.1126(d)(4))
An additional amount is added for coverage of dependents which shall not exceed the amount provided to a retiree not enrolled in Medicare Parts A and B and covered by the same medical plan with the same years of service credit. The combined Member and dependent subsidy shall not exceed the actual premium. This refers to dependents of retired Members with Medicare Parts A and B. It does not apply to those without Medicare or Part B only.

Dental Subsidy for Members

Tier 1 (§4.1114(b)) and Tier 3 (§4.1129(b))
The System will pay 4% of the maximum dental subsidy (limited to actual premium) for each year of Service Credit, up to 100% of the maximum dental subsidy. As of July 1, 2024, the maximum dental subsidy is $42.93 per month; remaining the same in calendar year 2025.

There is no subsidy available to dental plan dependents or surviving spouses/domestic partners. There is also no reimbursement for dental plans not sponsored by the System.

Summary of Plan Provisions (Continued)

Medicare Part B Reimbursement for Members

Tier 1 (§4.1113) and Tier 3 (§4.1128)

If a retiree is eligible for a health subsidy, covered by both Medicare Parts A and B, and enrolled in a LACERS medical plan or participates in the LACERS Retiree Medical Premium Reimbursement Program, LACERS will reimburse the retiree the basic Medicare Part B premium. LACERS does not reimburse survivors or dependents any part of their Medicare Part B premium.

Medical Subsidy for Surviving Spouse

Tier 1 (§4.1115) and Tier 3 (§4.1129.1)

The surviving spouse or domestic partner will be entitled to a health subsidy based on the Member's years of service credit and the surviving dependent's eligibility for Medicare.

Under Age 65 or Over Age 65 Without Medicare Part A

The maximum health subsidy available for survivors is the lowest cost plan available (currently Kaiser) single-party premium ($1,051.78 per month as of January 1, 2024, and will be $1,117.28 per month as of January 1, 2025).

Over Age 65 and Enrolled in Both Medicare Parts A and B:

For survivors, a maximum health subsidy limited to the single-party monthly premium of the plan in which the survivor is enrolled, is provided subject to the following vesting schedule:

Completed Years of Service Credit	Vested Percentage
10-14	75%
15-19	90%
20+	100%

Changes in Plan Provisions

None.

As of the completion of the June 30, 2024 valuation, Segal understands that there is a ballot measure which when approved by the voters would allow certain LACERS active members to be transferred to the Los Angeles Fire and Police Pension Plan so that those members would receive Safety benefits available under that Plan. However, as that measure has not been approved as of the valuation completion date, Segal has not reflected the financial impact of the transfer in the report.

Statistical

The Statistical Section of the System's Annual Comprehensive Financial Report provides additional historical trend information to assist the reader in gaining a more comprehensive understanding of the current fiscal year's financial statements, note disclosures, and required supplementary information, which cover the System's Retirement Plan and the Postemployment Health Care Plan. This section also provides multi-year trending of financial and operating information to facilitate comprehensive understanding of how the System's financial position and performance has changed over time. More specifically, the financial and operating information provides contextual data for the System's revenues (additions), expenses (deductions), net increase or decrease in fiduciary net position, benefit expenses by type, number of retirees by different types of benefits, and average monthly benefit payments.
The financial and operational trend information are as follows:

Schedule of Additions by Source - Retirement Plan
(Dollars in Thousands)

Fiscal Year	Member Contributions	Employer Contributions: Amounts	Employer Contributions: As a % of Annual Covered Payroll (1)	Net Investment Income (Loss)(2)	Building Lease & Other Income (3)	Total Additions
2015	$ 207,564	$ 381,299	20.8	$ 308,557	-	$ 897,420
2016	211,345	440,704	23.5	27,638	-	679,687
2017	227,532	453,504	23.0	1,524,533	-	2,205,569
2018	236,222	450,338	21.9	1,249,814	-	1,936,374
2019	240,357	478,827	22.7	802,027	-	1,521,211
2020	263,936	553,222	24.4	305,291	645	1,123,094
2021	259,285	554,954	24.4	4,305,990	519	5,120,748
2022	245,879	591,305	27.4	(1,555,222)	30	(718,008)
2023	259,977	669,438	29.0	1,265,098	82	2,194,595
2024	279,636	714,389	29.0	1,508,518	34	2,502,577

(1) % of Annual Covered Payroll is an aggregate rate for all tiers based on actual covered payroll.
(2) Includes unrealized gains and losses of investments. Investment related administrative expenses are deducted from Investment Income pursuant to GASB Statement No. 67.
(3) Building Lease and Other Income from System's new Headquarter Building purchased on October 23, 2019.

Schedule of Deductions by Type - Retirement Plan
(In Thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses(1)	Total Deductions
2015	$ 734,736	$ 10,121	$ 15,946	$ 760,803
2016	767,264	7,719	15,576	790,559
2017	799,221	9,803	16,019	825,043
2018	847,031	10,412	16,394	873,837
2019	909,154	11,684	17,806	938,644
2020	973,197	12,332	21,257	1,006,786
2021	1,067,331	17,584	24,264	1,109,179
2022	1,163,419	11,630	24,282	1,199,331
2023	1,211,894	14,397	25,758	1,252,049
2024	1,263,240	13,602	29,554	1,306,396

(1) Excludes investment related administrative expenses.

Schedule of Additions by Source - Postemployment Health Care Plan
(Dollars in Thousands)

Fiscal Year	Employer Contributions Amounts	Employer Contributions As a % of Annual Covered Payroll [(1)]	Self-Funded Insurance Premium [(2)]	Health Insurance Premium Reserve [(2)]	Net Investment Income (Loss) [(3)]	Building Lease & Other Income [(4)]	Total Additions
2015	$ 100,467	5.5	-	-	$ 59,435	-	$ 159,902
2016	105,983	5.7	-	-	(721)	-	105,262
2017	97,457	4.9	-	-	330,368	-	427,825
2018	100,909	4.9	-	-	269,065	-	369,974
2019	107,927	5.1	6,090	468	166,470	-	280,955
2020	112,136	4.9	10,364	2,137	60,201	147	184,985
2021	103,454	4.5	10,924	919	982,797	118	1,098,212
2022	91,623	4.3	13,280	1,180	(361,307)	7	(255,217)
2023	90,581	3.9	12,809	1,423	268,900	19	373,732
2024	97,094	3.9	12,934	2,125	321,936	8	434,097

(1) % of annual covered payroll is an aggregate rate for all tiers and it is based on actual covered payroll.
(2) Additions related to LACERS Postemployment Health Care 115 Trust fund and the self-funded Dental Plan established in fiscal year 2019 and self-funded Vision Plan in fiscal year 2022.
(3) Includes unrealized gains and losses of investments. Investment related administrative expenses are deducted.
(4) Building Lease and Other Income from System's new Headquarter Building purchased on October 23, 2019.

Schedule of Deductions by Type - Postemployment Health Care Plan
(In Thousands)

Fiscal Year	Benefit Payments	Administrative Expenses [(1)]	Total Deductions
2015	$ 103,599	$ 3,932	$ 107,531
2016	109,940	4,151	114,091
2017	119,616	4,224	123,840
2018	128,081	4,384	132,465
2019	140,129	5,099	145,228
2020	139,714	6,165	145,879
2021	160,945	6,820	167,765
2022	171,705	6,955	178,660
2023	173,583	7,534	181,117
2024	170,161	8,157	178,318

(1) Excludes investment related administrative expenses. Starting fiscal year 2019, expenses include third party fees paid for the administration of the self-funded Plans.

Net Increase (Decrease) in Fiduciary Net Position - Retirement Plan[2]
Last Ten Fiscal Years
(In Thousands)

	Additions					Deductions				
Fiscal Year	City Contributions	Member Contributions	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Refunds of Contributions	Admin. Expenses [1]	Total Deductions	Net In(De)crease in Fiduciary Net Position
2015	$ 381,299	$ 207,564	$ 308,557	-	$ 897,420	$ 734,736	$ 10,121	$ 15,946	$ 760,803	$ 136,617
2016	440,704	211,345	27,638	-	679,687	767,264	7,719	15,576	790,559	(110,872)
2017	453,504	227,532	1,524,533	-	2,205,569	799,221	9,803	16,019	825,043	1,380,526
2018	450,338	236,222	1,249,814	-	1,936,374	847,031	10,412	16,394	873,837	1,062,537
2019	478,827	240,357	802,027	-	1,521,211	909,154	11,684	17,806	938,644	582,567
2020	553,222	263,936	305,291	645	1,123,094	973,197	12,332	21,257	1,006,786	116,308
2021	554,954	259,285	4,305,990	519	5,120,748	1,067,331	17,584	24,264	1,109,179	4,011,569
2022	591,305	245,879	(1,555,222)	30	(718,008)	1,163,419	11,630	24,282	1,199,331	(1,917,339)
2023	669,438	259,977	1,265,098	82	2,194,595	1,211,894	14,397	25,758	1,252,049	942,546
2024	714,389	279,636	1,508,518	34	2,502,577	1,263,240	13,602	29,554	1,306,396	1,196,181

(1) Excludes investment related administrative expenses. Starting fiscal year 2020, related expenses for the new headquarters building were incurred.
(2) In fiscal year 2022, a prior period adjustment was made related to implementation of GASB 87 - Leases, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

Net Increase (Decrease) in Fiduciary Net Position - Postemployment Health Care Plan[3]
Last Ten Fiscal Years
(In Thousands)

	Additions						Deductions			
Fiscal Year	City Contributions	Self-Funded Insurance Premium [1]	Health Insurance Premium Reserve [1]	Net Investment Income (Loss)	Building Lease & Other Income	Total Additions	Benefit Payments	Admin. Expenses [2]	Total Deductions	Net In(De)crease in Fiduciary Net Position
2015	$ 100,467	-	-	$ 59,435	-	$ 159,902	$ 103,599	$ 3,932	$ 107,531	$ 52,371
2016	105,983	-	-	(721)	-	105,262	109,940	4,151	114,091	(8,829)
2017	97,457	-	-	330,368	-	427,825	119,616	4,224	123,840	303,985
2018	100,909	-	-	269,065	-	369,974	128,081	4,384	132,465	237,509
2019	107,927	6,090	468	166,470	-	280,955	140,129	5,099	145,228	135,727
2020	112,136	10,364	2,137	60,201	147	184,985	139,714	6,165	145,879	39,106
2021	103,454	10,924	919	982,797	118	1,098,212	160,945	6,820	167,765	930,447
2022	91,623	13,280	1,180	(361,307)	7	(255,217)	171,705	6,955	178,660	(433,877)
2023	90,581	12,809	1,423	268,900	19	373,732	173,583	7,534	181,117	192,615
2024	97,094	12,934	2,125	321,936	8	434,097	170,161	8,157	178,318	255,779

(1) Additions related to LACERS Postemployment Health Care 115 Trust and the self-funded Dental Plan established in 2019 and self-funded Vision Plan in fiscal year 2022.
(2) Excludes investment related administrative expenses. Starting fiscal year 2019, expenses include third party fees paid for the administration of the self-funded plans and the related expenses for the new headquarters building were incurred, beginning fiscal year 2020.
(3) In fiscal year 2022, a prior period adjustment was made related to implementation of GASB 87 - Leases, to restate fiscal year 2021 information presented in fiscal year 2022 financial report as comparative report.

Schedule of Benefit Expenses by Type - Retirement Plan

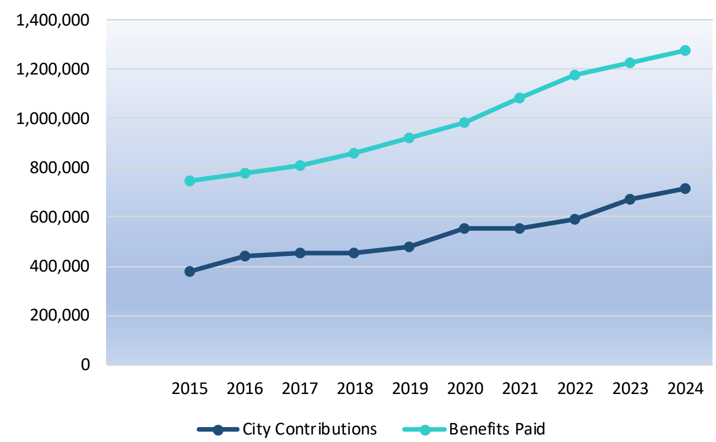
(In Thousands)

	Benefits						Refunds of Contributions					
	Age & Service Benefits			Disability Benefits								
Fiscal Year	Retirants	Survivors	Death in Service	Retirants	Survivors	Sub-Total	Separation	Death in Service	Unused Contri-butions	Misc.	Sub-Total	Total Benefits Paid
2015	$ 627,865	$ 76,619	$ 2,537	$ 18,348	$ 9,367	$ 734,736	$ 3,891	$ 1,848	$ 1,342	$ 3,040	$ 10,121	$ 744,857
2016	657,810	78,441	2,315	19,001	9,697	767,264	4,241	1,231	883	1,364	7,719	774,983
2017	686,172	81,250	2,738	18,810	10,251	799,221	4,213	3,015	1,027	1,548	9,803	809,024
2018	731,954	83,387	2,402	18,850	10,438	847,031	5,686	1,653	1,588	1,485	10,412	857,443
2019	794,844	83,072	2,066	18,935	10,237	909,154	6,529	3,302	1,054	799	11,684	920,838
2020	853,719	87,577	1,855	19,432	10,614	973,197	6,839	2,798	1,544	1,151	12,332	985,529
2021	941,144	93,208	2,419	19,468	11,092	1,067,331	8,388	4,259	2,298	2,639	17,584	1,084,915
2022	1,032,404	99,122	1,978	18,496	11,419	1,163,419	6,215	3,362	1,584	469	11,630	1,175,049
2023	1,074,006	104,808	2,015	19,332	11,733	1,211,894	7,740	3,602	2,349	705	14,396	1,226,290
2024	1,118,974	110,371	2,008	19,644	12,243	1,263,240	7,483	2,899	2,714	506	13,602	1,276,842

City Contributions versus Benefits Paid - Retirement Plan

(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2015	$ 381,299	$ 744,857
2016	440,704	774,983
2017	453,504	809,024
2018	450,338	857,443
2019	478,827	920,838
2020	553,222	985,529
2021	554,954	1,084,915
2022	591,305	1,175,049
2023	669,438	1,226,291
2024	714,389	1,276,842



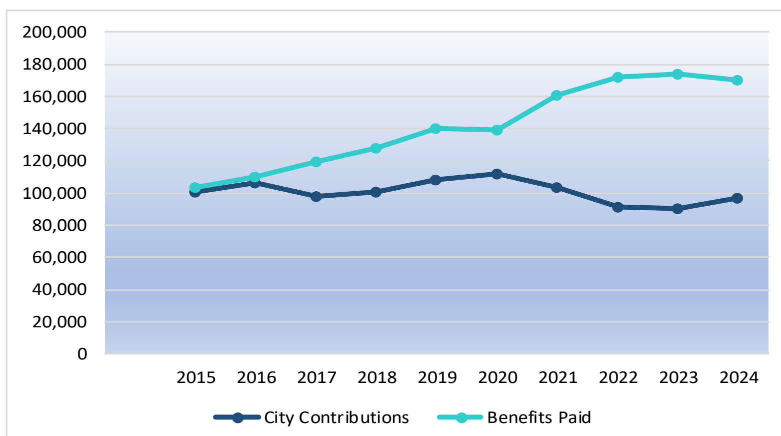
Schedule of Benefit Expenses by Type - Postemployment Health Care Plan
(In Thousands)

	Age & Service Benefits		Death in Service Benefits	Disability Benefits		Total Benefits Paid
Fiscal Year	Retirants	Survivors		Retirants	Survivors	
2015	$ 88,530	$ 10,803	$ 358	$ 2,587	$ 1,321	$ 103,599
2016	94,256	11,240	332	2,723	1,389	109,940
2017	102,697	12,160	410	2,815	1,534	119,616
2018	110,680	12,609	363	2,851	1,578	128,081
2019	122,510	12,804	318	2,919	1,578	140,129
2020	122,561	12,573	266	2,790	1,524	139,714
2021	141,917	14,055	365	2,936	1,672	160,945
2022	152,369	14,629	292	2,730	1,685	171,705
2023	153,833	15,012	289	2,769	1,680	173,583
2024	150,728	14,867	271	2,646	1,649	170,161

City Contributions versus Benefits Paid - Postemployment Health Care Plan

(In Thousands)

Fiscal Year	City Contributions	Benefits Paid
2015	$ 100,467	$ 103,599
2016	105,983	109,940
2017	97,457	119,616
2018	100,909	128,081
2019	107,927	140,129
2020	112,136	139,714
2021	103,454	160,945
2022	91,623	171,705
2023	90,581	173,583
2024	97,094	170,161



Schedule of Retired Members by Type of Benefits - Retirement Plan

Amount of Monthly Benefits			Number of Retirants (1)	Type of Benefits (2) 1	2	3	4	5	6	7	8	9	10	11
$1	to	$1,000	1,589	407	249	10	468	27	114	43	271	-	492	29
$1,001	to	$2,000	2,975	819	679	38	534	390	116	185	214	-	106	6
$2,001	to	$3,000	3,075	1,527	634	68	309	303	28	115	91	-	24	2
$3,001	to	$4,000	2,890	2,102	406	68	195	45	7	28	39	-	8	-
$4,001	to	$5,000	3,087	2,649	233	60	108	10	2	11	14	-	3	-
$5,001	to	$6,000	2,617	2,340	182	32	50	5	1	-	7	-	1	-
$6,001	to	$7,000	1,995	1,841	101	13	34	3	-	-	3	-	-	-
$7,001	to	$8,000	1,461	1,367	60	10	22	1	-	-	1	-	-	-
$8,001	to	$9,000	995	934	38	7	16	-	-	-	-	-	-	-
$9,001	to	$10,000	637	590	27	8	12	-	-	-	-	-	-	-
Over $10,000			1,389	1,296	60	8	21	3	-	-	1	-	-	-
Total			22,710	15,872	2,669	322	1,769	787	268	382	641	-	634	37

(1) Larger Annuity and Larger Annuity Continuance type of benefits are not included in counting the total number of retirants since both benefits voluntary supplementary benefits to the retirants.

(2) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship
8 - DRO Lifetime Annuity
9 - DRO Term Annuity
10 - Larger Annuity
11 - Larger Annuity Continuance

Schedule of Retired Members by Type of Benefits - Postemployment Health Care Plan

Amount of Monthly Benefits			Number of Retirants	Type of Benefits [3] 1	2	3	4	5	6	7
Medical Subsidy										
$1	to	$200	681	485	47	3	49	71	16	10
$201	to	$400	5,918	4,418	999	89	238	92	24	58
$401	to	$600	5,194	4,596	365	34	140	37	6	16
$601	to	$800	96	74	4	10	5	1	-	2
$801	to	$1,000	857	790	9	10	31	12	1	4
$1,001	to	$1,200	1,344	1,117	83	29	86	20	3	6
$1,201	to	$1,400	1,298	1,223	1	-	64	10	-	-
$1,401	to	$2,188 [1]	2,363	2,243	6	-	99	15	-	-
Total			17,751	14,946	1,514	175	712	258	50	96
Dental Subsidy										
$1	to	$10	489	372	-	-	61	56	-	-
$11	to	$20	2,833	2,582	-	-	165	86	-	-
$21	to	$30	1,309	1,045	-	-	186	78	-	-
$31	to	$40	1,535	1,344	-	-	157	34	-	-
$41	to	$43 [2]	9,456	9,288	-	-	155	13	-	-
Total			15,622	14,631	-	-	724	267	-	-

(1) Maximum medical subsidy for plan year 2024.
(2) Maximum dental subsidy for plan year 2024.
(3) Type of Benefits

1 - Service Retirement
2 - Service Continuance
3 - Service Survivorship
4 - Vested Right Retirement
5 - Disability Retirement
6 - Disability Continuance
7 - Disability Survivorship

Schedule of Average Benefit Payments - Retirement Plan

Retirement Effective Dates July 1, 2014 to June 30, 2024	Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/14 to 6/30/15						
Average Monthly Benefit at Retirement	$ 969	$ 1,875	$ 2,775	$ 3,735	$ 4,707	$ 6,307
Average Final Monthly Salary (1)	$ 5,309	$ 6,386	$ 7,040	$ 7,289	$ 7,795	$ 8,379
Number of Retirees Added	66	108	62	111	234	212
Period 7/1/15 to 6/30/16						
Average Monthly Benefit at Retirement	$ 943	$ 1,756	$ 2,514	$ 3,796	$ 4,514	$ 5,498
Average Final Monthly Salary (1)	$ 5,095	$ 6,077	$ 6,786	$ 7,656	$ 7,731	$ 7,876
Number of Retirees Added	117	116	89	77	255	228
Average Monthly Continuance Benefit (2)	$ 886	$ 1,068	$ 1,388	$ 1,521	$ 1,657	$ 2,568
Number of Continuance Benefit Added (2)	79	29	24	41	32	65
Period 7/1/16 to 6/30/17						
Average Monthly Benefit at Retirement	$ 1,076	$ 1,764	$ 2,546	$ 3,412	$ 4,789	$ 5,745
Average Final Monthly Salary (1)	$ 5,553	$ 6,326	$ 6,974	$ 7,696	$ 8,053	$ 8,204
Number of Retirees Added	105	99	104	107	263	271
Average Monthly Continuance Benefit (2)	$ 1,154	$ 1,022	$ 1,360	$ 1,949	$ 1,869	$ 2,916
Number of Continuance Benefit Added (2)	70	19	30	38	50	55
Period 7/1/17 to 6/30/18						
Average Monthly Benefit at Retirement	$ 1,291	$ 1,913	$ 2,739	$ 3,922	$ 5,037	$ 6,348
Average Final Monthly Salary (1)	$ 5,869	$ 6,707	$ 7,100	$ 7,896	$ 8,292	$ 8,758
Number of Retirees Added	115	115	136	85	247	377
Average Monthly Continuance Benefit (2)	$ 1,012	$ 1,411	$ 1,562	$ 2,076	$ 2,830	$ 3,812
Number of Continuance Benefit Added (2)	70	25	26	28	49	54
Period 7/1/18 to 6/30/19						
Average Monthly Benefit at Retirement	$ 1,003	$ 2,010	$ 2,756	$ 3,829	$ 5,395	$ 6,834
Average Final Monthly Salary (1)	$ 5,276	$ 6,613	$ 7,103	$ 7,771	$ 8,695	$ 9,219
Number of Retirees Added	123	104	147	82	277	344
Average Monthly Continuance Benefit (2)	$ 1,697	$ 1,703	$ 1,586	$ 2,655	$ 2,665	$ 4,184
Number of Continuance Benefit Added (2)	65	28	30	29	42	82

Years of Service Credit (column group heading over Under 11 yrs through Over 30 yrs)

(1) Average Final Monthly Salary = Average of last or highest 12 consecutive months' salary.
(2) Additional information for Continuance Benefit is provided starting fiscal year 2016.

Schedule of Average Benefit Payments - Retirement Plan *(Continued)*

Retirement Effective Dates July 1, 2014 to June 30, 2024	Years of Service Credit: Under 11 yrs	11-15 yrs	16-20 yrs	21-25 yrs	26-30 yrs	Over 30 yrs
Period 7/1/19 to 6/30/20						
Average Monthly Benefit at Retirement	$ 1,049	$ 1,922	$ 3,215	$ 4,599	$ 5,825	$ 6,690
Average Final Monthly Salary (1)	$ 5,079	$ 6,449	$ 8,189	$ 9,195	$ 9,267	$ 9,073
Number of Retirees Added	123	94	142	84	192	321
Average Monthly Continuance Benefit (2)	$ 1,459	$ 1,412	$ 1,882	$ 2,219	$ 2,747	$ 4,398
Number of Continuance Benefit Added (2)	76	29	24	18	46	60
Period 7/1/20 to 6/30/21						
Average Monthly Benefit at Retirement	$ 1,043	$ 2,128	$ 2,938	$ 4,205	$ 5,787	$ 6,825
Average Final Monthly Salary (1)	$ 4,804	$ 6,819	$ 7,253	$ 8,417	$ 9,198	$ 9,293
Number of Retirees Added (3)	90	184	264	271	342	937
Average Monthly Continuance Benefit (2)	$ 1,386	$ 1,261	$ 2,097	$ 2,447	$ 3,130	$ 4,861
Number of Continuance Benefit Added (2)	109	25	27	34	64	111
Period 7/1/21 to 6/30/22						
Average Monthly Benefit at Retirement	$ 979	$ 2,109	$ 3,276	$ 4,133	$ 6,026	$ 7,348
Average Final Monthly Salary (1)	$ 5,409	$ 6,847	$ 8,193	$ 8,494	$ 9,786	$ 9,999
Number of Retirees Added	138	92	138	100	130	284
Average Monthly Continuance Benefit (2)	$ 1,798	$ 1,665	$ 1,895	$ 2,736	$ 3,284	$ 4,698
Number of Continuance Benefit Added (2)	116	22	34	32	48	66
Period 7/1/22 to 6/30/23						
Average Monthly Benefit at Retirement	$ 1,113	$ 2,545	$ 3,209	$ 4,654	$ 6,046	$ 8,249
Average Final Monthly Salary (1)	$ 5,934	$ 8,283	$ 8,032	$ 9,482	$ 9,861	$ 11,190
Number of Retirees Added	89	66	106	115	83	177
Average Monthly Continuance Benefit (2)	$ 1,702	$ 1,376	$ 1,977	$ 2,709	$ 3,856	$ 4,645
Number of Continuance Benefit Added (2)	64	27	35	26	56	76
Period 7/1/23 to 6/30/24						
Average Monthly Benefit at Retirement	$ 1,366	$ 2,206	$ 3,298	$ 4,792	$ 6,118	$ 8,388
Average Final Monthly Salary (1)	$ 6,842	$ 7,569	$ 8,474	$ 9,611	$ 10,260	$ 11,231
Number of Retirees Added	89	61	110	115	104	223
Average Monthly Continuance Benefit (2)	$ 1,482	$ 1,460	$ 2,586	$ 2,660	$ 4,020	$ 5,074
Number of Continuance Benefit Added (2)	81	19	24	36	63	80

(1) Average Final Monthly Salary = Average of last or highest 12 consecutive months' salary.
(2) Additional information for Continuance Benefit is provided starting fiscal year 2016.
(3) Large increase in fiscal year 2021 was due to increased number of retirements from the City’s implementation of Separation Incentive Programs (SIP).

Schedule of Average Benefit Payments - Postemployment Health Care Plan

Retirement Effective Dates July 1, 2014 to June 30, 2024	Years of Service Credit: Under 10 yrs [1]	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/14 to 6/30/15					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 543	$ 700	$ 914	$ 1,080
Number of Retirees Added	1	85	40	105	409
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 17	$ 26	$ 32	$ 36
Number of Retirees Added	2	78	35	102	399
Period 7/1/15 to 6/30/16					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 309	$ 515	$ 729	$ 926	$ 1,099
Number of Retirees Added	12	88	62	61	447
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 16	$ 24	$ 34	$ 35
Number of Retirees Added	16	89	57	60	453
Period 7/1/16 to 6/30/17					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 411	$ 493	$ 717	$ 1,136	$ 1,184
Number of Retirees Added	17	76	79	85	487
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 11	$ 18	$ 25	$ 34	$ 38
Number of Retirees Added	10	75	78	82	483
Period 7/1/17 to 6/30/18					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ -	$ 547	$ 771	$ 1,082	$ 1,257
Number of Retirees Added	-	100	115	86	638
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 5	$ 17	$ 27	$ 31	$ 36
Number of Retirees Added	1	80	98	68	552
Period 7/1/18 to 6/30/19					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 716	$ 560	$ 714	$ 1,012	$ 1,220
Number of Retirees Added	2	98	127	72	640
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 16	$ 27	$ 36	$ 37
Number of Retirees Added	4	75	113	62	539

(1) Effective February 21, 2016, retiree health benefits are provided to part-time employees who retired with 10 years of service but less than 10 years of service credit. Previously, they were allowed to enroll in LACERS Health Care Plan at their own cost, but not eligible for health benefits.

Schedule of Average Benefit Payments - Postemployment Health Care Plan *(Continued)*

Retirement Effective Dates July 1, 2014 to June 30, 2024	Years of Service Credit: Under 10 yrs (1)	10-15 yrs	16-20 yrs	21-25 yrs	Over 25 yrs
Period 7/1/19 to 6/30/20					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 420	$ 533	$ 752	$ 1,129	$ 1,176
Number of Retirees Added	15	92	117	73	515
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 18	$ 27	$ 35	$ 36
Number of Retirees Added	10	60	97	66	445
Period 7/1/20 to 6/30/21					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 322	$ 538	$ 694	$ 913	$ 1,244
Number of Retirees Added(2)	27	150	224	248	1,271
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 28	$ 34	$ 37
Number of Retirees Added(2)	15	131	201	235	1,223
Period 7/1/21 to 6/30/22					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 390	$ 623	$ 839	$ 1,134	$ 1,273
Number of Retirees Added	47	66	105	95	407
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 14	$ 20	$ 27	$ 35	$ 37
Number of Retirees Added	25	52	79	77	319
Period 7/1/22 to 6/30/23					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 358	$ 745	$ 870	$ 1,180	$ 1,339
Number of Retirees Added	56	41	89	102	266
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 17	$ 29	$ 33	$ 37
Number of Retirees Added	10	27	72	94	225
Period 7/1/23 to 6/30/24					
Health Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 292	$ 846	$ 1,023	$ 1,391	$ 1,564
Number of Retirees Added	63	44	97	109	324
Dental Insurance Subsidy					
Average Monthly Benefit at Retirement	$ 12	$ 26	$ 31	$ 40	$ 40
Number of Retirees Added	7	34	84	101	292

(1) Effective February 21, 2016, retiree health benefits are provided to part-time employees who retired with 10 years of service but less than 10 years of service credit. Previously, they were allowed to enroll in LACERS Health Care Plan at their own cost, but not eligible for health benefits.

(2) Large increase in fiscal year 2021 was due to increased number of retirements from the City's implementation of Separation Incentive Programs (SIP).

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Direct questions concerning any of the information provided in this report to:

LACERS
Fiscal Management Division
977 North Broadway
Los Angeles, CA
90012-1728

PHONE 800-779-8328
TTY 888-349-3996
FAX 213-473-7297
www.lacers.org

LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM