

2024

POPULAR ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

Our Popular Annual Financial Report is a summary of the Los Angeles City Employees' Retirement System's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024

Interactive presentation
and publication available online at
www.lacers.org/financial-reports-and-statistics

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Annual Comprehensive Financial Report
data since fiscal year ended 1990
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LACERS



LACERS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

A Component Unit of the City of Los Angeles

ABOUT POPULAR ANNUAL FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Los Angeles City Employees' Retirement System for its Popular Annual Financial Report for the fiscal year ended June 30, 2023. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only.

Los Angeles City Employees' Retirement System has received a Popular Award for the last five consecutive years (fiscal years ended 2019-2023). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

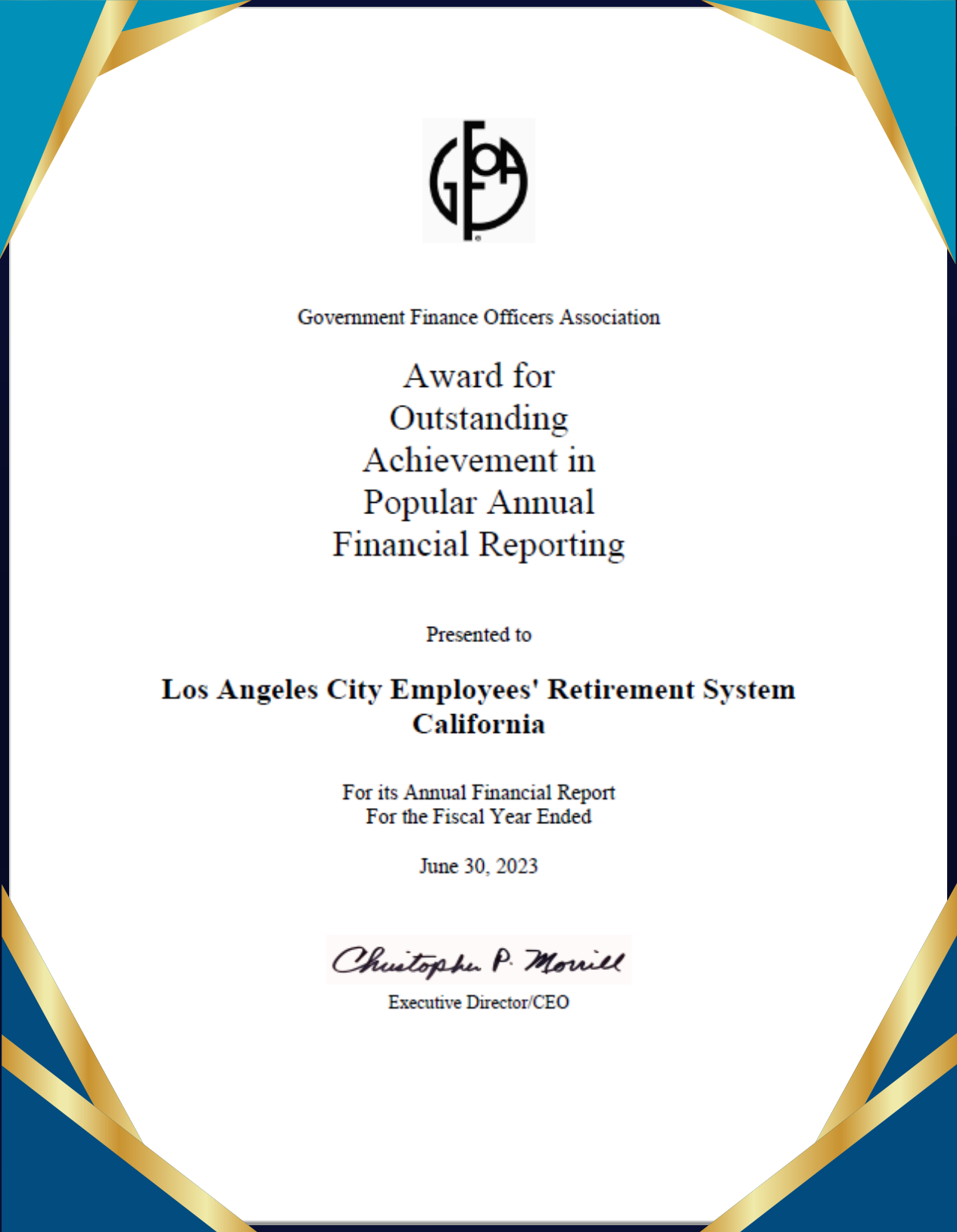


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NEIL M. GUGLIELMO
General Manager

MESSAGE FROM THE GENERAL MANAGER

When I joined the Department in 2018, the Plan had approximately \$17 Billion in assets, Pension and Health funded ratios of 71.4% and 82.2% respectively, and 53,449 Members.

Since then, the Plan has grown significantly to more than \$23 Billion in assets, Pension and Health funded ratios of 72.3% and 106.3% respectively, and 61,384 Members. Our LACERS Plan has certainly gotten bigger these past years.

As I reflect on my time with LACERS, we have endured a global pandemic, a Citywide Separation Incentive Program, and several challenging budget years. Along the way, we launched a new pension administration system, purchased and transitioned into a new headquarters building, and established a 115 Trust Fund for Member health benefits, among many other accomplishments made possible by the LACERS staff.

It has been an honor and a privilege to work with and learn from such committed and enthusiastic staff at LACERS along with such an engaged and supportive Board.

I am so thankful for the opportunity to serve LACERS Active and Retired Members and their families, to be able to serve those who have served the entire City of Los Angeles.

Neil M. Guglielmo

ABOUT LACERS



87 YEARS OF SECURING YOUR TOMORROWS

In 1937, the Los Angeles City Charter established the Los Angeles City Employees' Retirement System (LACERS) as a retirement trust fund for the purpose of providing the civilian employees of the City of Los Angeles, 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 membership except employees of the Department of Water and Power, and sworn personnel who are members of the Los Angeles Fire and Police Pensions. Our fiduciary duty to our Members ensures we prudently manage the pension fund portfolio to offset payment costs of the pension benefits and retiree health care premiums of our Members.

MISSION

Provide retirement and healthcare benefits to all Members by securing and growing the trust fund



VISION

A forward-thinking organization and industry leader in financial strength and service excellence to our Members



GUIDING PRINCIPLES

Innovation
Kindness
Professionalism
Respect
Teamwork



\$4,763

AVERAGE MONTHLY PENSION

Change from 2015: **+36.6%**

60.8

AVERAGE AGE AT RETIREMENT

Change from 2015: **+1.0%**

72.5

AVERAGE AGE OF RETIREE

Change from 2015: **+1.0%**

61,384

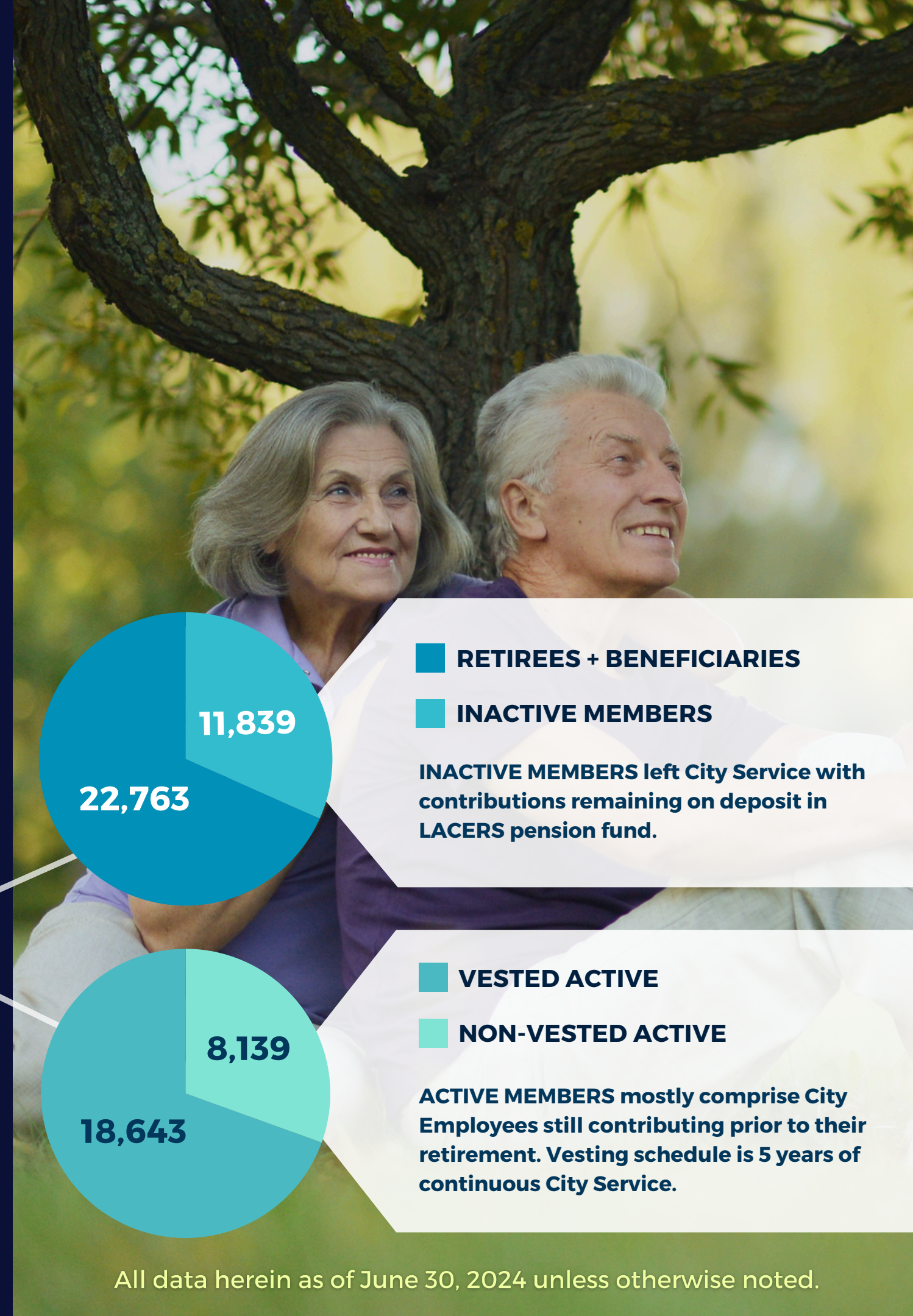
TOTAL MEMBERSHIP

Change from 2015: **+27.0%**

\$279.6

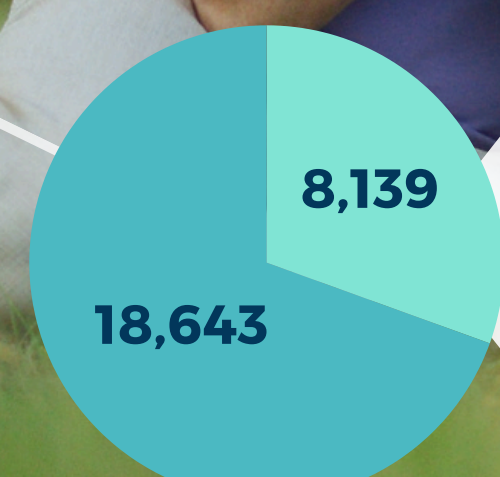
MILLION IN MEMBER CONTRIBUTIONS

Change from 2015: **+34.7%**



- RETIREES + BENEFICIARIES**
- INACTIVE MEMBERS**

INACTIVE MEMBERS left City Service with contributions remaining on deposit in LACERS pension fund.



- VESTED ACTIVE**
- NON-VESTED ACTIVE**

ACTIVE MEMBERS mostly comprise City Employees still contributing prior to their retirement. Vesting schedule is 5 years of continuous City Service.

ABOUT OUR MEMBERSHIP



LACERS

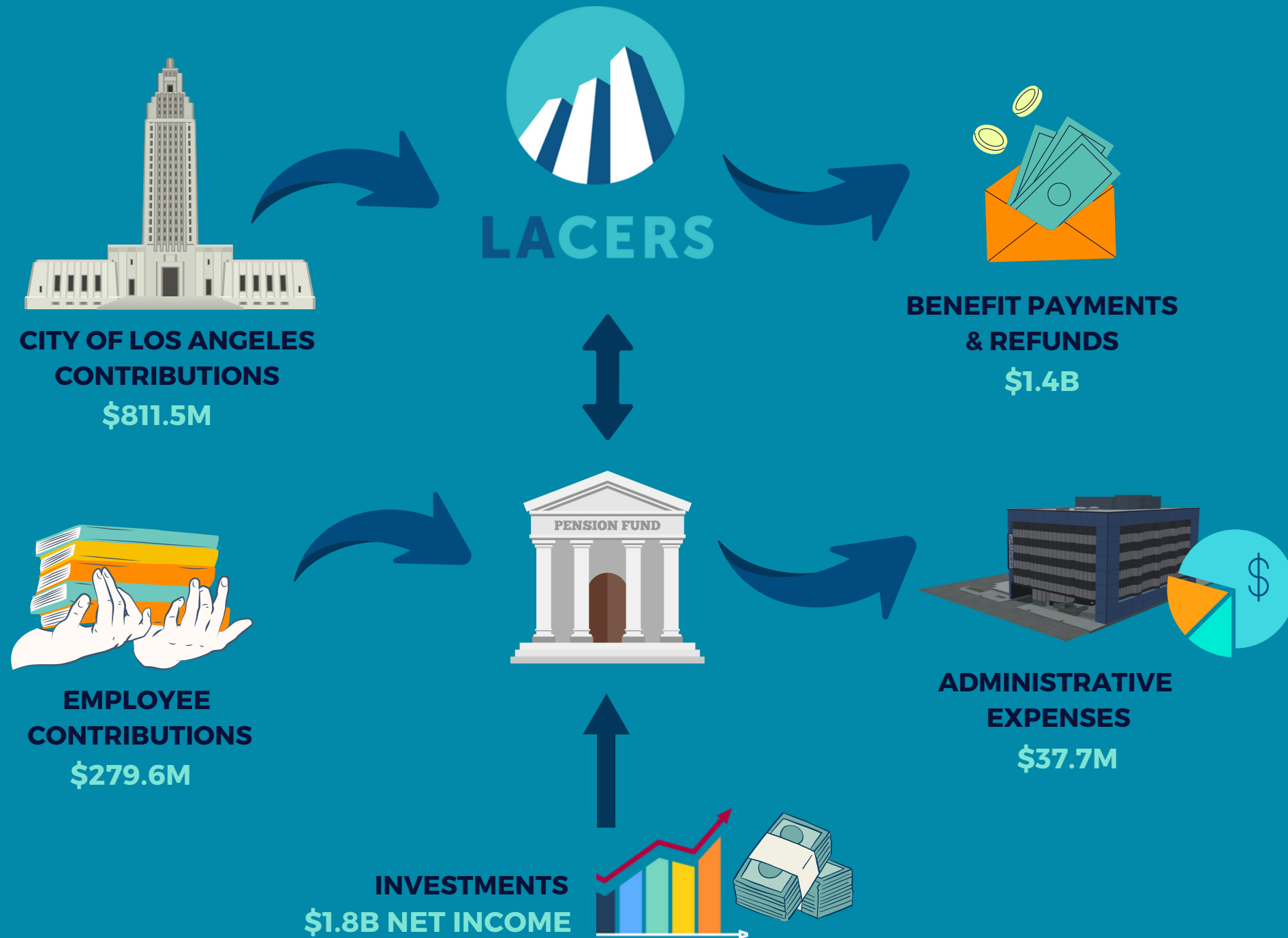
In FY24, LACERS launched a new Strategic Plan reaffirming our goals and setting the course for LACERS' future. We are committed and focused on three priorities essential to the continued strength and sustainability of LACERS. They are 1) Improving the Member Experience, 2) Achieving Fiscal Resiliency, and 3) Recruiting, Mentoring, and Promoting a High Performing Workforce.

Some highlights of LACERS recent accomplishments include the Language Access Plan to bridge language gaps through the development of bilingual resources while the Medical Plan renewal negotiated savings of \$2.8 million for plan year 2024. LACERS strives to maximize the value of health and wellness benefits for our Members by implementing various cost-saving strategies with our health insurance carriers. In addition, LACERS continues to invest in its employees through implementing a Learning Management System to build out training content for LACERS employees to better meet the needs of our Members.



FIDUCIARY NET POSITION

HOW WAS LACERS FUNDED IN 2024?



The Fiduciary Net Position is the financial position of the System's Retirement and Postemployment Health Care Plans at fiscal year end, documenting the difference between the System's Assets (what is owned) and Liabilities (what is owed).

\$ 23,041,225,445

FIDUCIARY NET POSITION

\$ 1,451,960,332

NET INCREASE WITHIN THE YEAR



83.5%
RETIREMENT

16.5%
HEALTH

ALLOCATION

The total Fiduciary Net Position is allocated between the Retirement Plan and the Postemployment Health Care Plan.



FIDUCIARY NET POSITION

\$ 23,041,225,445

During the fiscal year 2024, the System's fiduciary net position increased by \$1.5 billion, or 6.7%, primarily due to higher investment returns and increased contributions to cover increased benefit payments and associated costs.

ADDITIONS AND DEDUCTIONS (Dollars in Thousands)	2024	2023	2022	% Change 2024-2023	% Change 2023-2022
BEGINNING NET POSITION	\$ 21,589,265	\$ 20,454,104	\$ 22,805,320	5.5%	(10.3%)
ADDITIONS					
City Contributions	811,483	760,019	682,928	6.8%	11.3%
Member Contributions	279,636	259,977	245,879	7.6%	5.7%
Insurance Premium & Reserve	15,059	14,232	14,460	5.8%	(1.6%)
Net Investment Income (Loss)	1,830,454	1,533,998	(1,916,529)	19.3%	180.0%
Other Income	42	101	37	(58.4%)	173.0%
TOTAL ADDITIONS	\$ 2,936,674	\$ 2,568,327	\$ (973,225)	14.3%	363.9%
DEDUCTIONS					
Benefit Payments	1,433,401	1,385,477	1,335,124	3.5%	3.8%
Contribution Refunds	13,602	14,397	11,630	(5.5%)	23.8%
Administrative Expenses	37,711	33,292	31,237	13.3%	6.6%
TOTAL DEDUCTIONS	\$ 1,484,714	\$ 1,433,166	\$ 1,377,991	3.6%	4.0%
NET INCREASE (DECREASE) WITHIN YEAR	\$ 1,451,960	\$ 1,135,161	\$ (2,351,216)	27.9%	148.3%
ENDING NET POSITION	\$ 23,041,225	\$ 21,589,265	\$ 20,454,104	6.7%	5.5%

ASSETS, LIABILITIES, AND DEFERRED INFLOW

2024 RETIREMENT AND HEALTH PLANS

(Dollars in Thousands)

	2024 RETIREMENT	2024 HEALTH	2024 TOTAL
ASSETS			
Cash, Short-term Investments & Receivables	\$ 638,864	\$ 126,018	\$ 764,882
Investments, at Fair Value	18,938,370	3,735,669	22,674,039
Capital Assets, Net of Depreciation & Amortization	48,730	9,612	58,342
TOTAL ASSETS	\$ 19,625,964	\$ 3,871,299	\$ 23,497,263
LIABILITIES			
Securities Lending Collateral & Other Payables	\$ 380,300	\$ 5,015	\$ 455,315
DEFERRED INFLOW	\$ 604	\$ 119	\$ 723
FIDUCIARY NET POSITION	\$ 19,245,060	\$ 3,796,165	\$ 23,041,225

ASSETS, LIABILITIES, AND DEFERRED INFLOW

THREE YEAR COMPARISON COMBINED PLANS

(Dollars in Thousands)

	2024	2023	2022
ASSETS			
Cash, Short-term Investments & Receivables	\$ 764,882	\$ 623,653	\$ 654,103
Investments, at Fair Value	22,674,039	21,363,996	20,576,788
Capital Assets, Net of Depreciation & Amortization	58,342	60,727	53,305
TOTAL ASSETS	\$ 23,497,263	\$ 22,048,376	\$ 21,284,196
LIABILITIES			
Securities Lending Collateral & Other Payables	\$ 455,315	\$ 458,350	\$ 829,521
DEFERRED INFLOW	\$ 723	\$ 761	\$ 571
FIDUCIARY NET POSITION	\$ 23,041,225	\$ 21,589,265	\$ 20,454,104

FUNDED STATUS

76.3%

COMBINED PLAN FUNDED STATUS

FIVE YEARS OF COMBINED PLAN FUNDED STATUS



2024	76.3%
2023	74.9%
2022	73.6%
2021	84.7%
2020	68.4%

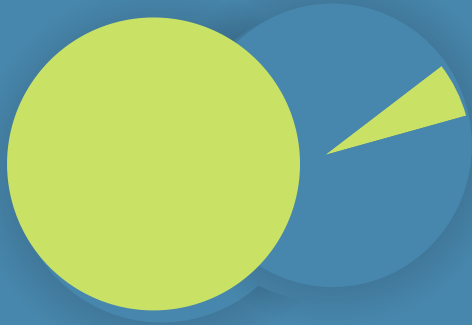


72.3%

RETIREMENT PLAN FUNDED STATUS

ABOUT THE RETIREMENT PLAN

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 civilian and certain segments of sworn employees of the City who are not covered by other City retirement agencies. Plan Members have a vested right to their own contributions and accumulated interest posted to their accounts.



106.3%

HEALTH PLAN FUNDED STATUS

ABOUT THE HEALTH PLAN

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).

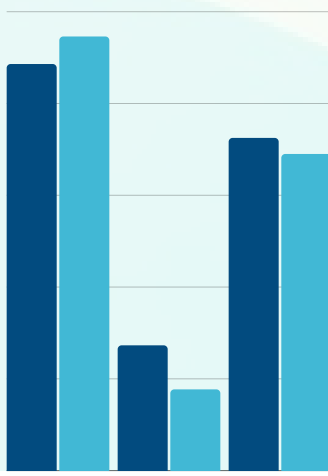
WHAT IS THE COMBINED FUNDED STATUS OF THE PLAN?

The Combined Funded Status is the ratio of the System's Fiduciary Net Position to Total Pension Liability. This funding ratio represents the percentage of Plan Assets available toward paying expected benefit obligations of LACERS Members.

INVESTMENT PORTFOLIO

ANNUALIZED RATES OF RETURN (GROSS OF FEES)

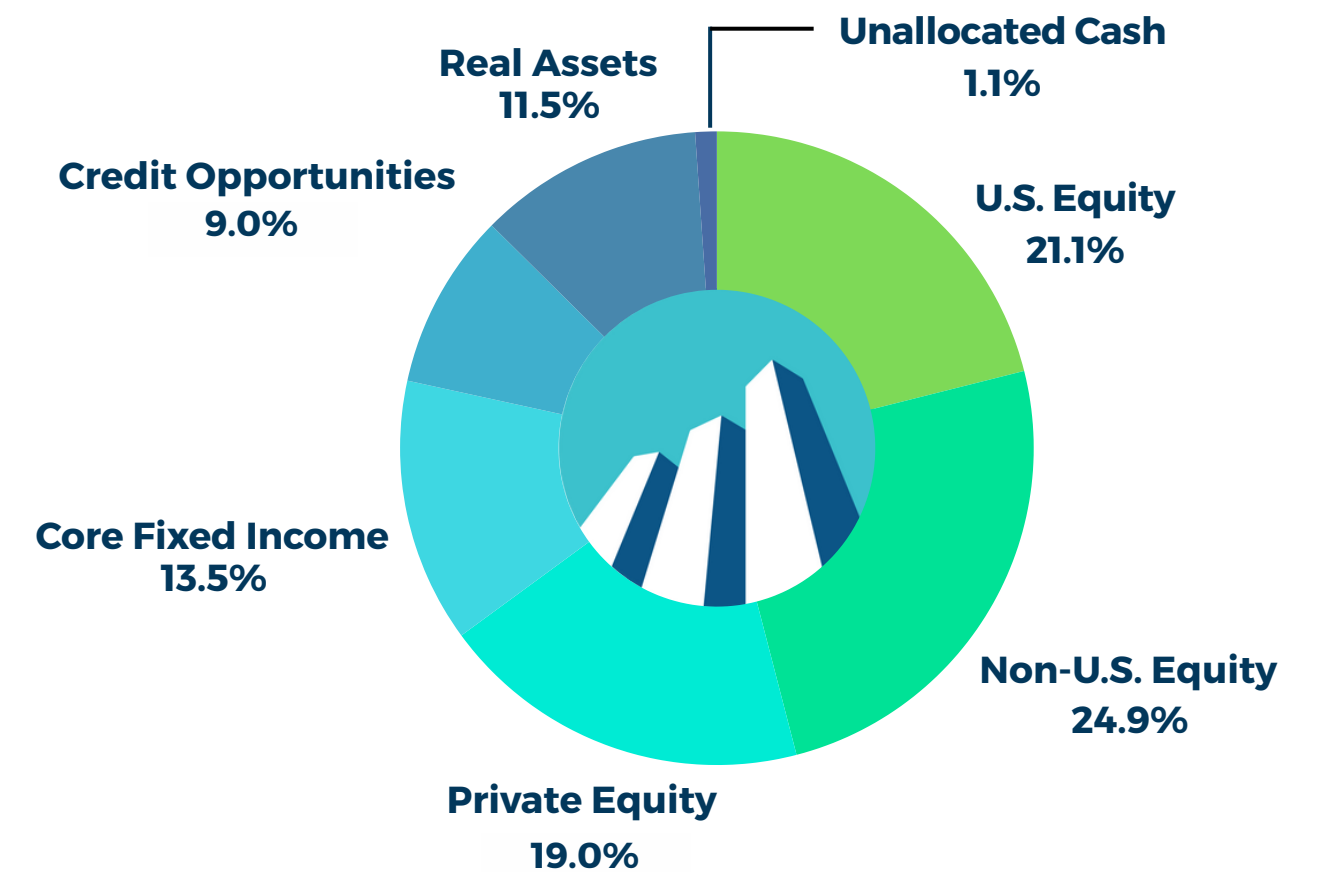
	1 YR (%)	3 YR (%)	5 YR (%)
LACERS TOTAL FUND	8.86	2.73	7.25
LACERS POLICY BENCHMARK	9.46	1.77	6.90



RODNEY JUNE
Chief Investment Officer

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.

ACTUAL ASSET ALLOCATION ¹



1. The percentages are on a market value basis. Due to rounding errors, the percentages may not sum to exactly 100%.

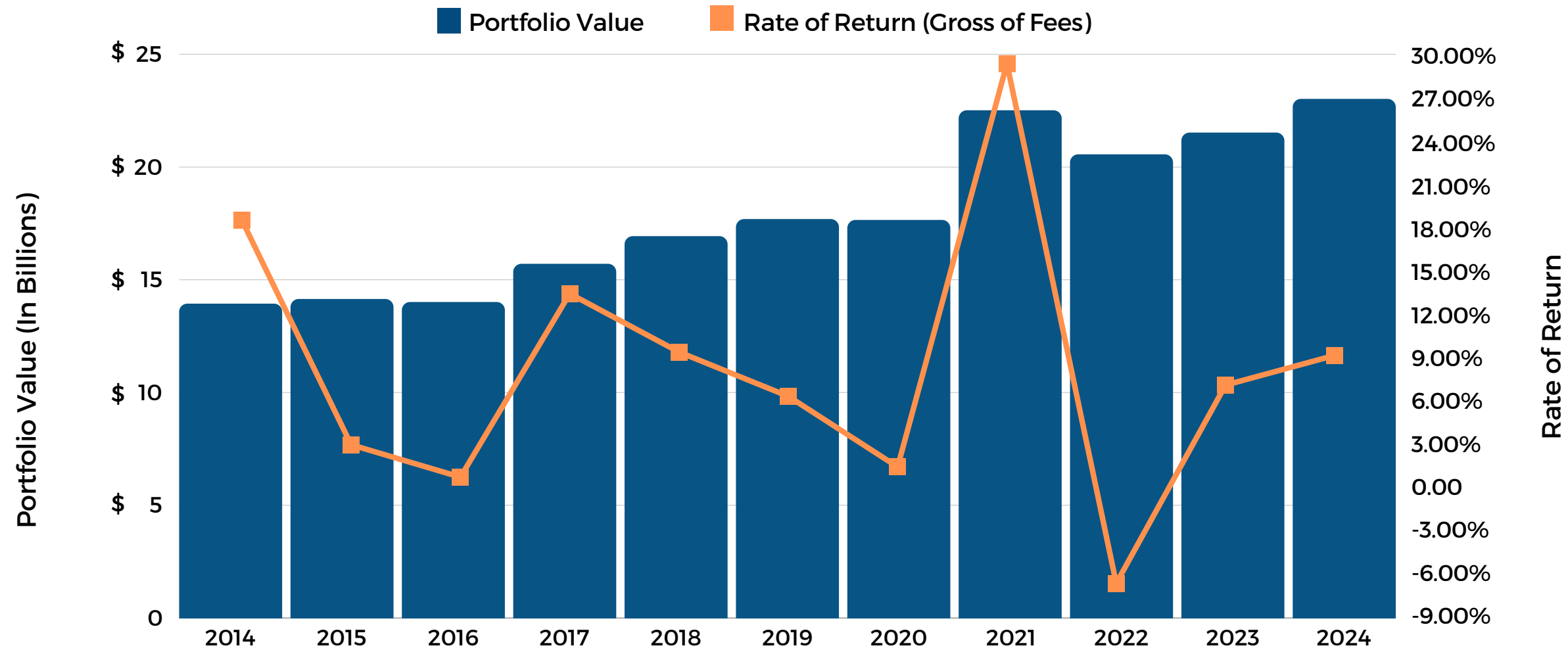
HOW DID OUR INVESTMENT PORTFOLIO DO?

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.

\$ 23,023,316,746
TOTAL INVESTMENT PORTFOLIO VALUE

PORTFOLIO VALUE RATE OF RETURN

(Gross of Fees) Compared to Total Portfolio Value for ten fiscal years all ending on June 30. Dollars in Billions.



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%.

LACERS

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