Los Angeles
Fire & Police Pensions

2022 ANNUAL REPORT

LAFPP
To Serve Those Who Protect
LOS ANGELES FIRE AND POLICE PENSIONS

CONTENTS

SECTION 1
INTRODUCTION

LETTER OF TRANSMITTAL

TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

June 30, 2022

Fiscal Year 2021-22 was the second full year that the Plan dealt with the impacts and uncertainty of the COVID-19 pandemic. The ongoing pandemic, financial market volatility, and the return of high inflation were some of the factors which led to a one-year investment return of -7.23%. Despite this result, we still remain among the highest funded public pension systems in the country. As of June 30, 2022, our overall combined funded ratio increased from 92.5% to 95.0% on an actuarial basis, with total unfunded liabilities decreasing from $2.11 billion to $1.46 billion. Separately, the actuarial funded status of pension benefits increased from 96.8% to 98.0%, and the funded status of retiree health benefits increased from 64.7% to 74.3%. These results reflect the continued long-term financial health of the Plan.

Over the one-year trailing period, the Fund outperformed our target allocation index, returning -7.23% vs. -8.70%, and ranked in the 25th percentile among peers. Longer-term total Fund performance remains strong with the Plan outperforming its benchmark and ranking in the top decile versus peers over the trailing three-, five-, seven-, and ten-year periods. Prior to the market downturn, LAFPP made asset allocation decisions that lowered the Plan's risk profile. Such strategic and long-term approaches have proven to be the best safeguard to ensure the continued strength of LAFPP to pay promised benefits.

HIGHLIGHTS

- Unfunded Liability decreased to $1.46 billion from $2.11 billion
- Since 2012 the Plan's assets have grown from $14 billion to $28 billion
- The Plan's investment return was -7.23% in FY 21-22 (32.56% in FY 20-21)

8.93%
THE PLAN'S AVERAGE 10-YEAR RETURN

95.0%
COMBINED FUNDED RATIO
increased from 92.5%

98.0%
PENSION BENEFITS FUNDED RATIO
increased from 96.8%

74.3%
HEALTH BENEFITS FUNDED RATIO
increased from 64.7%

SERVICE EFFORTS AND ACCOMPLISHMENTS

Every year, Staff develops and submits a Business Plan to the Board for approval. The Plan is designed to keep the Department's resources focused on the most crucial areas and further the six goals stipulated in the Three-Year Strategic Plan:

- **Ensure a financially sound retirement system**
- **Manage risk throughout the organization**
- **Enhance customer care and stakeholder relations**
- **Pursue operational efficiencies**
- **Build and support a talented workforce**
- **Promote Diversity, Equity and Inclusion (DEI) throughout the organization including our investment portfolio and business partners**

The 2021-22 Business Plan included 11 projects to continue our efforts in supporting the six goals and our members. The 11 projects included a wide range of activities to move the department forward in the delivery of benefits for members and minimizing risk to the Plan.

Business Plan projects and efforts completed during the fiscal year included Environmental, Social and Governance (ESG) oriented investing, an Association of Local Government Auditors peer review, an alive and well pensioner verification, emergency preparedness refresh, and pension administration benchmarking. The Business Plan included three multi-year projects that met their milestones for the year and are continuing into the 2022-23 Business Plan: Institutional Limited Partners Association (ILPA) Diversity in Action Initiative; enterprise-wide cybersecurity program; and, permanent mobile/on-site hybrid workforce. Details regarding the FY 2021-22 Business Plan can be found on our website at www.lafpp.com/strategic-and-business-plans.

In September 2022, my predecessor Ray Ciranna retired after serving LAFPP for 9 years. It is my honor to succeed him in serving the safety members of our pension system who protect the City. In these times of economic uncertainty, we pride ourselves in providing the highest quality service in the most efficient and economical manner possible. This approach helps ensure staff and the Board are doing everything possible to keep operational costs low, which helps maintain the funded status of the Plan in order to ensure our ability to pay out promised benefits promptly. Lastly, I wish to thank all of our staff for their continuous hard work, dedication, and support during this transition period.

Sincerely,

Joseph Salazar
Interim General Manager

SYSTEM ADMINISTRATION

The Fire and Police Pension System is administered by a Board of nine commissioners: five appointed by the Mayor and four elected by members. Fire and Police sworn employees each elect one active member, and Fire and Police retirees each elect one retired member. The Board administers the System in accordance with the City Charter and the State Constitution. Article XVI, Section 17 (a) of the State Constitution provides the Board “sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries.” Section 17 (b) further provides that “members of the Retirement Board of a public retirement system shall discharge their duties … solely in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A Retirement Board’s duty to its participants and their beneficiaries shall take precedence over any other duty.”

BOARD MEETINGS

The Board meets on the first and third Thursdays of the month at 8:30 a.m. Most meetings, including special meetings, are from two to four hours in duration. The Board’s current directory and meeting information are available on the Department website at: www.lafpp.com/board.

AS OF JUNE 30, 2022

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

BRIAN PENDLETON, PRESIDENT
Appointed by the Mayor

KENNETH E. BUZZELL, VICE PRESIDENT
Elected by Retired Fire Members

ANDREA AMBRIZ
Appointed by the Mayor

BRIAN J. CHURCHILL
Elected by Active Police Members

MICHAEL A. LAWSON
Appointed by the Mayor

RUBEN NAVARRO
Elected by Active Fire Members

SUMI PAREKH
Appointed by the Mayor

PEDRAM SALIMPOUR, MD
Appointed by the Mayor

GARRETT W. ZIMMON
Elected by Retired Police Members

2022 YEAR IN REVIEW

12,771
NUMBER OF ACTIVE MEMBERS INCLUDING DROP

9,196 POLICE

3,360 FIRE

123 HARBOR

92 AIRPORT

$28.0B
LAFPP PLAN ASSETS IN DOLLARS

98%
PENSION BENEFITS FUNDING STATUS

-$2.72
1-YEAR TOTAL ASSET DECREASE IN BILLIONS

$7.36
5-YEAR TOTAL ASSET INCREASE IN BILLIONS

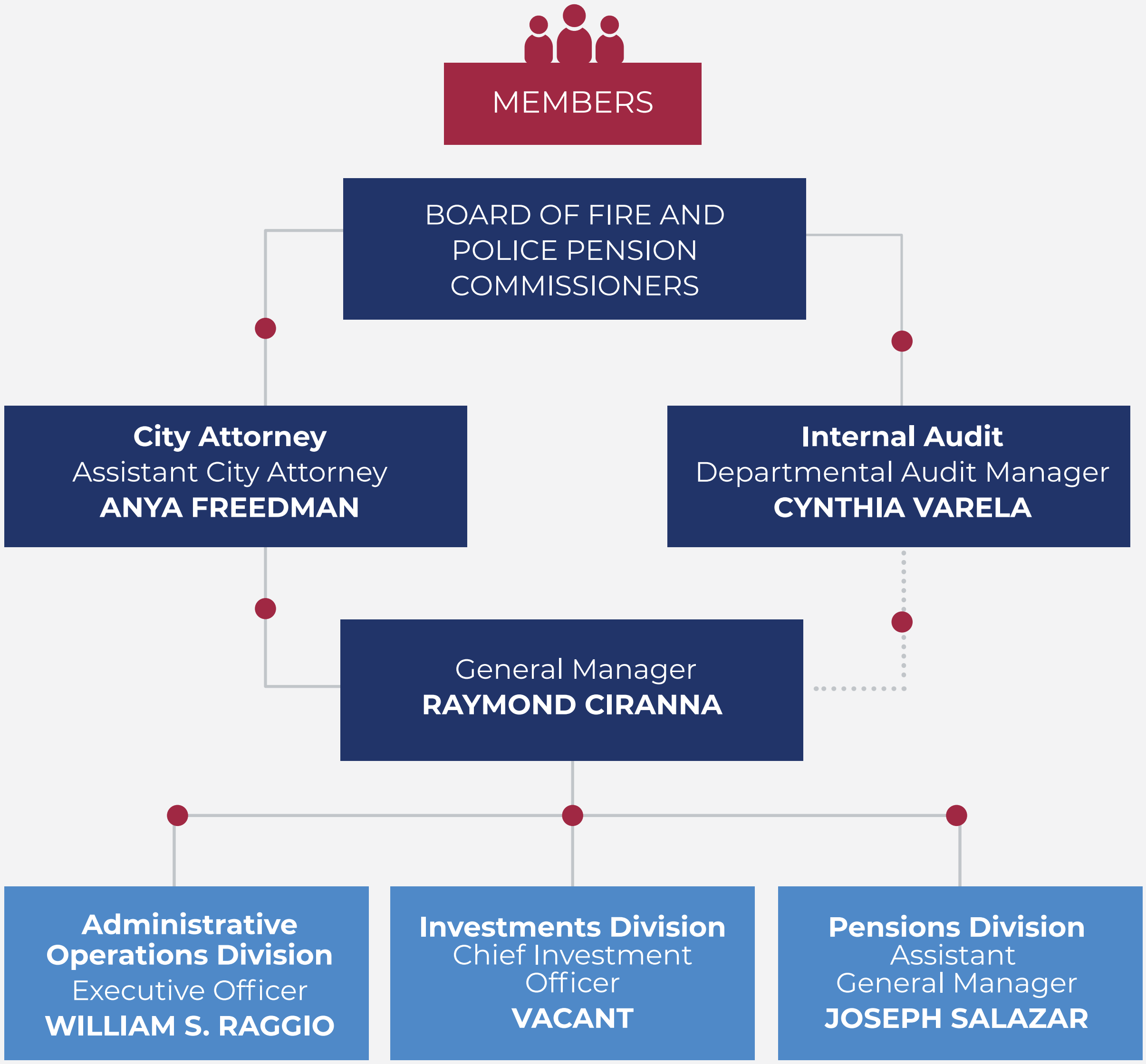
1-YEAR INVESTMENT RETURN
-7.23%

5-YEAR ANNUALIZED RATE OF RETURN
8.14%

11,303
TOTAL NUMBER OF RETIRED MEMBERSHIP

7.00%
ACTUARIAL ASSUMED RATE OF RETURN

ORGANIZATIONAL CHART



Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2022

Presented to

Los Angeles Fire and Police Pensions

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
Program Administrator

SECTION 2 **FINANCIALS**

LOS ANGELES FIRE AND
POLICE PENSION SYSTEM

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

Opinions

We have audited the accompanying financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2022 and 2021, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements for each plan as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Pension Plan and Health Subsidy Plan, as of June 30, 2022 and 2021, and the respective changes in fiduciary net position for the years then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in United State of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the System, 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.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government Auditing Standard* 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 the System's 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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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 Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 GAAS, 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 audits 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.

S&S

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
November 21, 2022

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles Fire and Police Pension System (the System or LAFPP) is an overview of its fiscal operations for the year ended June 30, 2022. Readers are encouraged to consider the information presented here in conjunction with the Financial Statements and the Notes to the Financial Statements. Amounts contained in this discussion have been rounded to facilitate readability.

FINANCIAL HIGHLIGHTS

- Net position at the close of the fiscal year ended June 30, 2022, was $25.26 billion and $2.72 billion for the Pension Plan and Health Subsidy Plan, respectively. All of the net position was available to meet the System's obligations to members and their beneficiaries.

- Net position decreased by $2.6 billion, or 9.3%, and decreased by $166.19 million, or 5.8%, for the Pension Plan and Health Subsidy Plan, respectively.

- As of June 30, 2022, the date of the most recent funding actuarial valuations, the funding ratios of the Pension Plan and Health Subsidy Plan were 98.0% and 74.3%, respectively.

- Additions to the Pension Plan's net position decreased by $9.01 billion or 117.4% from $7.67 billion to $(1.34) billion, due primarily to the net depreciation in the fair value of investments in fiscal year 2022 relative to fiscal year 2021.

- Deductions from the Pension Plan's net position increased by $58.55 million, or 4.8%, over fiscal year 2021 from $1.21 billion to $1.27 billion in fiscal year 2022.

- Additions to the Health Subsidy Plan's net position decreased by $915.28 million, or 101.8%, from $898.86 million to $(16.43) million, due to the net depreciation in the fair value of investments in fiscal year 2022 relative to fiscal year 2021.

- Deductions from the Health Subsidy Plan's net position decreased by $4.23 million, or 2.7%, over fiscal year 2021 from $154.0 million to $149.76 million in fiscal year 2022.

- The total pension liability for the Pension Plan at June 30, 2022, was $25.91 billion, and the fiduciary net position was $25.26 billion. Thus, the net pension liability for the Pension Plan was $648.76 million, and the fiduciary net position as a percentage of the total pension liability was 97.50%

- The total Other Post-Employment Benefits (OPEB) liability for the Health Subsidy Plan at June 30, 2022, was $3.65 billion, and the fiduciary net position was $2.72 billion. Thus, the net OPEB liability for the Health Subsidy Plan was $927.21 million, and the fiduciary net position as a percentage of the total OPEB liability was 74.59%.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the financial statements of the System, which are:

1. Statements of Fiduciary Net Position
2. Statements of Changes in Fiduciary Net Position
3. Notes to the Financial Statements

The *Statements of Fiduciary Net Position* is a snapshot of account balances at year-end. It indicates the amount of assets available for payment to retirees, beneficiaries, and any current liabilities owed at year-end.

The *Statements of Changes in Fiduciary Net Position* reports additions to and deductions from the fiduciary net position during the year.

The above statements are being prepared on an accrual basis of accounting. Investment gains and losses are shown at trade date, and account balances are based on fair values recognizing both realized and unrealized gains and losses on investments.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements. These notes are presented in pages 15 to 51 of this report.

The *Required Supplementary Information* (RSI) section includes the following five schedules with respect to the Pension Plan and Health Subsidy Plan:

Pension Plan:

- Schedule of Changes in Net Pension Liability and Related Ratio
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions
- Schedule of Investment Returns
- Schedule of Employer's Net Pension Liability

Health Subsidy Plan:

- Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to Schedule of Employer Contributions
- Schedule of Investment Returns
- Schedule of Employer's Net Other Postemployment Benefits Liability

FINANCIAL ANALYSIS

Pension Plan

Fiduciary Net Position

A summary of the Pension Plan's net position and changes in net position is presented below:

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2022	2021	Change	% Change
Cash	$ 6,107	$ 6,442	$ (335)	-5.2%
Receivables/Prepayments	507,808	175,836	331,972	188.8%
Investments	26,587,118	28,914,759	(2,327,641)	-8.1%
Capital Assets	20,853	22,048	(1,195)	-5.4%
Total Assets	27,121,886	29,119,085	(1,997,199)	-6.9%
Liabilities	1,863,350	1,256,778	606,572	48.3%
Net Position	$25,258,536	$27,862,307	$(2,603,771)	-9.3%

Net position decreased by $2.60 billion, or 9.3%, to $25.26 billion from fiscal year 2021. Total assets decreased in value by $2.0 billion, or 6.9%, when compared with the prior fiscal year 2021, attributable to depreciation of investments due to unfavorable market conditions.

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2021	2020	Change	% Change
Cash	$ 6,442	$ 1,861	$ 4,581	246.2%
Receivables/Prepayments	175,836	367,205	(191,369)	-52.1%
Investments	28,914,759	23,020,542	5,894,217	25.6%
Capital Assets	22,048	24,104	(2,056)	-8.5%
Total Assets	29,119,085	23,413,712	5,705,373	24.4%
Liabilities	1,256,778	2,016,779	(760,001)	-37.7%
Net Position	$27,862,307	$ 21,396,933	$ 6,465,374	30.2%

Net position increased by $6.47 billion, or 30.2%, to $27.86 billion from fiscal year 2020. Total assets increased in value by $5.71 billion, or 24.4%, when compared with the prior fiscal year 2020, attributable to appreciation of investments due to favorable market conditions.

Pension Plan (Continued)

Changes in Fiduciary Net Position

Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)

	2022	2021	Change	% Change
Additions				
Employer Contributions	$ 535,450	$ 543,819	$ (8,369)	-1.5%
Member Contributions	149,243	157,786	(8,543)	-5.4%
Net Investment Income (Loss)	(2,021,951)	6,971,432	(8,993,383)	-129.0%
Other Income	369	673	(304)	-45.2%
Total Additions	(1,336,889)	7,673,710	(9,010,599)	-117.4%
Deductions				
Pension Benefits	1,237,262	1,182,407	54,855	4.6%
Refund of Contributions	7,474	4,556	2,918	64.0%
Administrative Expenses	22,146	21,372	774	3.6%
Total Deductions	1,266,882	1,208,335	58,547	4.8%
Net Increase (Decrease)	(2,603,771)	6,465,375	(9,069,146)	-140.3%
Net Position, Beginning of Year	27,862,307	21,396,932	6,465,375	30.2%
Net Position, End of Year	$ 25,258,536	$ 27,862,307	$ (2,603,771)	-9.3%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through employer and member contributions, and from income generated from the Plan's investing activities.

Contributions for fiscal year 2022 totaled $684.69 million, decreased by $16.91 million, or 2.4%, over fiscal year 2021. The employer's contribution for fiscal year 2022 was $535.45 million compared to $543.82 million for fiscal year 2021. The decrease in employer's contributions was due to the decrease in required contribution. The decrease in members' contribution was due to a decline in the number of active members.

Net investment loss amounted to $2.02 billion, a decrease in net investment income of $8.99 billion, or 129.0%, when compared with $6.97 billion from fiscal year 2021. Investment income decreased in fiscal year 2022 due to the net depreciation in the fair value of investments in fiscal year 2022 relative to fiscal year 2021.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Deductions from Fiduciary Net Position

Costs associated with the Pension Plan include benefit payments to members, refunds of contributions due to termination and member death, and administrative expenses.

Deductions for the fiscal year ended June 30, 2022, totaled $1.27 billion, up by $58.55 million, or 4.8%, over fiscal year 2021. The increase was due primarily to the increase in retiree benefit payments resulting from an increase in the number of service retirements and Deferred Retirement Option Plan (DROP) exits compared to fiscal year 2021.

Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)

	2021	2020	Change	% Change
Additions				
Employer Contributions	$ 543,819	$ 516,638	$ 27,181	5.3%
Member Contributions	157,786	153,787	3,999	2.6%
Net Investment Income	6,971,432	605,869	6,365,563	1050.7%
Other Income	673	375	298	79.5%
Total Additions	7,673,710	1,276,669	6,397,041	501.1%
Deductions				
Pension Benefits	1,182,407	1,116,722	65,685	5.9%
Refund of Contributions	4,556	4,530	26	0.6%
Administrative Expenses	21,372	20,685	687	3.3%
Total Deductions	1,208,335	1,141,937	66,398	5.8%
Net Increase	6,465,375	134,732	6,330,643	4698.7%
Net Position, Beginning of Year	21,396,932	21,262,200	134,732	0.6%
Net Position, End of Year	$27,862,307	$21,396,932	$ 6,465,375	30.2%

Additions to Fiduciary Net Position

Additions needed to fund benefit payments are accumulated through employer and member contributions, and from income generated from the Plan's investing activities.

Contributions for fiscal year 2021 totaled $701.61 million, up by $31.18 million, or 4.65%, over fiscal year 2020. The employer's contribution for fiscal year 2021 was $543.82 million compared to $516.64 million for fiscal year 2020. The increase in employer's contributions was due to the increase in required contribution. The increase in members' contribution was due to an increase in general wage growth.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Net investment income amounted to $6.97 billion, an increase in net investment income of $6.37 billion, or 1050.7%, when compared with $605.87 million from fiscal year 2020. Investment income increased in fiscal year 2021 due to the net appreciation in the fair value of investments in fiscal year 2021 relative to fiscal year 2020.

Deductions from Fiduciary Net Position

Costs associated with the Pension Plan include benefit payments to members, refunds of contributions due to termination and member death, and administrative expenses.

Deductions for the fiscal year ended June 30, 2021, totaled $1.21 billion, up by $66.40 million, or 5.8%, over fiscal year 2020. The increase was due primarily to the increase in retiree benefit payments resulting from an increase in the number of service retirements and Deferred Retirement Option Plan (DROP) exits compared to fiscal year 2020.

Health Subsidy Plan

A summary of the Health Subsidy Plan's net position and changes in net position is presented below:

Fiduciary Net Position

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2022	2021	Change	% Change
Cash	$ 654	$ 665	$ (11)	-1.7%
Receivables/Prepayments	66,435	29,899	36,536	122.2%
Investments	2,849,404	2,984,117	(134,713)	-4.5%
Capital Assets	2,235	2,275	(40)	-1.8%
Total Assets	2,918,728	3,016,956	(98,228)	-3.3%
Liabilities	196,606	128,646	67,960	52.8%
Net Position	$ 2,722,122	$ 2,888,310	$ (166,188)	-5.8%

Net position decreased by $166.19 million, or 5.8%, to $2.72 billion from fiscal year 2021. Total assets decreased in value by $98.23 million, or 3.3% ,when compared with the prior fiscal year 2021, attributable to depreciation of investments due to unfavorable market conditions.

Health Subsidy Plan (Continued)

Fiduciary Net Position

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2021	2020	Change	% Change
Cash	$ 665	$ 185	$ 480	259.5%
Receivables/Prepayments	29,899	48,120	(18,221)	-37.9%
Investments	2,984,117	2,293,222	690,895	30.1%
Capital Assets	2,275	2,401	(126)	-5.2%
Total Assets	3,016,956	2,343,928	673,028	28.7%
Liabilities	128,646	200,480	(71,834)	-35.8%
Net Position	$ 2,888,310	$ 2,143,448	$ 744,862	34.8%

Net position increased by $744.86 million, or 34.8%, to $2.89 billion from fiscal year 2020. Total assets increased in value by $673.03 million, or 28.7%, when compared with the prior fiscal year 2020, attributable to appreciation of investments due to favorable market conditions.

Changes in Fiduciary Net Position

Condensed Statement of Changes in
Fiduciary Net Position
($ in Thousands)

	2022	2021	Change	% Change
Additions				
Contributions	$ 193,140	$ 200,424	$ (7,284)	-3.6%
Net Investment Income (Loss)	(209,603)	698,367	(907,970)	-130.0%
Other	38	67	(29)	-43.3%
Total Additions	(16,425)	898,858	(915,283)	-101.8%
Deductions				
Benefits Payment	147,467	151,855	(4,388)	-2.9%
Administrative Expenses	2,296	2,141	155	7.2%
Total Deductions	149,763	153,996	(4,233)	-2.7%
Net Increase (Decrease)	(166,188)	744,862	(911,050)	-122.3%
Net Position, Beginning of Year	2,888,310	2,143,448	744,862	34.8%
Net Position, End of Year	$ 2,722,122	$ 2,888,310	$ (166,188)	-5.8%

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Additions to Fiduciary Net Position

Total additions to net position decreased by $915.28 million compared to fiscal year 2021. This is due primarily to the net depreciation in the fair value of investments which decreased by $907.97 million or 130.0% over fiscal year 2021. For fiscal year 2022, net investment loss was $<209.60> million compared to $698.37 million in fiscal year 2021.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Current year deductions were $149.77 million, $4.23 million or 2.7% less than the total deductions of fiscal year 2021. This is due primarily to a decrease in premiums for some of the most popular health insurance options in fiscal year 2022 and a decrease in the Medicare health subsidy as of January 1, 2022.

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2021	2020	Change	% Change
Additions				
Contributions	$ 200,424	$ 193,213	$ 7,211	3.7%
Net Investment Income	698,367	58,065	640,302	1102.7%
Other	67	36	31	86.1%
Total Additions	898,858	251,314	647,544	257.7%
Deductions				
Benefits Payment	151,855	143,600	8,255	5.7%
Administrative Expenses	2,141	1,982	159	8.0%
Total Deductions	153,996	145,582	8,414	5.8%
Net Increase	744,862	105,732	639,130	604.5%
Net Position, Beginning of Year	2,143,448	2,037,716	105,732	5.2%
Net Position, End of Year	$ 2,888,310	$ 2,143,448	$ 744,862	34.8%

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Additions to Fiduciary Net Position

Total additions to net position increased by $647.54 million compared to fiscal year 2020. This is due primarily to appreciation of investments attributable to favorable market conditions in prior fiscal year. The increase of investments by $640.30 million ,or 1,102.7%, over fiscal year 2020. For fiscal year 2021, net investment income was $698.37 million compared to $58.07 million in fiscal year 2020.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Deductions for fiscal year 2021 were $154.0 million, $8.41 million, or 5.8%, more than the total deductions of fiscal year 2020. This is due primarily to an increase in the medical insurance subsidies and an increase in the number of eligible pensioners and beneficiaries.

REQUEST FOR INFORMATION

This financial report is designed to provide the Board of Fire and Police Pension Commissioners, members, investment managers, and creditors with a general overview of LAFPP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Joseph D. Salazar, Interim General Manager
Los Angeles Fire and Police Pension System
701 E. Third Street, Suite 200
Los Angeles, CA 90013

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	2022			2021		
	Pension	Health Subsidy	Combined	Pension	Health Subsidy	Combined
ASSETS						
Cash	$ 6,106,575	$ 654,456	$ 6,761,031	$ 6,441,606	$ 664,799	$ 7,106,405
Receivables						
Accrued Interest and Dividends	81,395,493	8,723,348	90,118,841	66,784,232	6,892,396	73,676,628
Contributions	5,007,452	-	5,007,452	5,163,342	-	5,163,342
Due from Brokers	421,404,672	45,162,935	466,567,607	103,888,114	10,721,662	114,609,776
Total Receivables	507,807,617	53,886,283	561,693,900	175,835,688	17,614,058	193,449,746
Prepaid benefits	992	12,549,207	12,550,199	992	12,284,726	12,285,718
Investments at Fair Value						
Temporary	822,595,583	88,159,514	910,755,097	1,648,612,637	170,143,317	1,818,755,954
U.S. Government Obligations	2,774,048,020	297,301,287	3,071,349,307	2,498,210,183	257,825,130	2,756,035,313
Domestic Corporate Bonds	2,181,686,252	233,816,476	2,415,502,728	2,186,714,140	225,677,511	2,412,391,651
Foreign Bonds	48,346,894	5,181,451	53,528,345	87,463,613	9,026,589	96,490,202
Domestic Stocks	8,729,791,483	935,592,401	9,665,383,884	10,785,370,508	1,113,092,713	11,898,463,221
Foreign Stocks	4,343,927,276	465,548,961	4,809,476,237	5,417,893,208	559,147,917	5,977,041,125
Real Estate	1,945,508,919	208,504,793	2,154,013,712	1,466,561,009	151,354,872	1,617,915,881
Alternative Investments	4,517,483,244	484,149,364	5,001,632,608	3,930,570,918	405,650,399	4,336,221,317
Total Investments	25,363,387,671	2,718,254,247	28,081,641,918	28,021,396,216	2,891,918,448	30,913,314,664
Capital Assets	20,852,944	2,234,859	23,087,803	22,047,887	2,275,429	24,323,316
Securities Lending Collateral	1,223,730,170	131,150,057	1,354,880,227	893,362,910	92,198,571	985,561,481
TOTAL ASSETS	27,121,885,969	2,918,729,109	30,040,615,078	29,119,085,299	3,016,956,031	32,136,041,330
LIABILITIES						
Accounts Payable and Accrued Expenses	27,611,676	2,959,208	30,570,884	17,286,180	1,784,002	19,070,182
Benefits in Process of Payment	39,967,721	1,190,445	41,158,166	21,339,845	1,143,549	22,483,394
Due to Brokers	380,076,358	40,733,682	420,810,040	127,195,710	13,127,098	140,322,808
Mortgage Payable	191,930,376	20,569,632	212,500,008	197,559,887	20,388,958	217,948,845
Security Deposit	33,512	3,592	37,104	33,633	3,471	37,104
Securities Lending Collateral	1,223,730,170	131,150,057	1,354,880,227	893,362,910	92,198,571	985,561,481
TOTAL LIABILITIES	1,863,349,813	196,606,616	2,059,956,429	1,256,778,165	128,645,649	1,385,423,814
NET POSITION IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	$ 25,258,536,156	$ 2,722,122,493	$ 27,980,658,649	$ 27,862,307,134	$ 2,888,310,382	$ 30,750,617,516

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

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2022 AND 2021

	2022			2021		
	Pension	Health Subsidy	Combined	Pension	Health Subsidy	Combined
ADDITIONS						
Contributions						
Employer Contributions	$ 535,450,402	$ 193,139,555	$ 728,589,957	$ 543,818,747	$ 200,424,568	$ 744,243,315
Member Contributions	149,243,422	-	149,243,422	157,785,911	-	157,785,911
Total Contributions	684,693,824	193,139,555	877,833,379	701,604,658	200,424,568	902,029,226
Investment Income (Loss)						
Net Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	(2,469,735,128)	(256,021,929)	(2,725,757,057)	6,540,739,198	655,221,746	7,195,960,944
Interest	131,893,968	13,672,619	145,566,587	124,782,839	12,500,182	137,283,021
Dividends	342,857,992	35,541,935	378,399,927	274,205,974	27,468,717	301,674,691
Net Real Estate Income	59,187,167	6,135,562	65,322,729	48,061,972	4,814,632	52,876,604
Income from Alternative Investments	33,415,506	3,463,975	36,879,481	106,308,036	10,649,458	116,957,494
Securities Lending Income	4,293,296	445,059	4,738,355	4,753,731	476,207	5,229,938
Less: Securities Lending Expense	(599,796)	(62,177)	(661,973)	(664,318)	(66,548)	(730,866)
Other Income	(1,280,915)	(132,784)	(1,413,699)	(3,080,018)	(308,542)	(3,388,560)
Subtotal	(1,899,967,910)	(196,957,740)	(2,096,925,650)	7,095,107,414	710,755,852	7,805,863,266
Less: Investment Manager Expense	(121,983,306)	(12,645,243)	(134,628,549)	(123,675,279)	(12,389,231)	(136,064,510)
Net Investment Income	(2,021,951,216)	(209,602,983)	(2,231,554,199)	6,971,432,135	698,366,621	7,669,798,756
Other Income						
Donations	-	-	-	-	-	-
Miscellaneous	368,695	38,220	406,915	672,618	67,380	739,998
Total Other Income	368,695	38,220	406,915	672,618	67,380	739,998
TOTAL ADDITIONS	(1,336,888,697)	(16,425,208)	(1,353,313,905)	7,673,709,411	898,858,569	8,572,567,980
DEDUCTIONS						
Pension Benefits	1,237,262,247	-	1,237,262,247	1,182,406,486	-	1,182,406,486
Payment of Health Subsidy	-	134,266,616	134,266,616	-	139,044,388	139,044,388
Payment of Medicare Reimbursement	-	13,200,319	13,200,319	-	12,811,006	12,811,006
Refund of Contributions	7,473,946	-	7,473,946	4,556,135	-	4,556,135
Administrative Expenses	22,146,088	2,295,746	24,441,834	21,372,303	2,140,981	23,513,284
TOTAL DEDUCTIONS	1,266,882,281	149,762,681	1,416,644,962	1,208,334,924	153,996,375	1,362,331,299
NET INCREASE (DECREASE)	(2,603,770,978)	(166,187,889)	(2,769,958,867)	6,465,374,487	744,862,194	7,210,236,681
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS						
Beginning of Year	27,862,307,134	2,888,310,382	30,750,617,516	21,396,932,647	2,143,448,188	23,540,380,835
End of Year	$ 25,258,536,156	$ 2,722,122,493	$ 27,980,658,649	$ 27,862,307,134	$ 2,888,310,382	$ 30,750,617,516

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

NOTE 1 – DESCRIPTION OF THE PLANS

The Los Angeles Fire and Police Pension System (the System or LAFPP) was established by the City of Los Angeles (the City) in 1899 and operates under the provisions of the City Charter and Administrative Code. The System is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City.

The System is administered by a Board of Fire and Police Pension Commissioners (Board) composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the System and two commissioners elected by Fire members of the System. Under the provisions of the City Charter and Administrative Code and the State Constitution, the Board has the responsibility to administer the Pension Plan and Health Subsidy Plan.

Pension Plan

The System's Pension Plan is a defined benefit single-employer pension plan covering all full-time active sworn firefighters, police officers, and certain Harbor Port Police and Airport police officers of the City of Los Angeles. The System also covers those certified paramedics and civilian ambulance employees who transferred from the Los Angeles City Employees' Retirement System (LACERS) during the year ended June 30, 1983 or have since been hired. The System is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides for disability benefits under certain conditions and benefits to eligible survivors.

Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997, and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of August 6, 1999. Tier 4 includes members hired from July 1, 1997 through December 31, 2001, and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011, and those Active members of Tiers 2, 3, and 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011. Harbor Port Police officers hired before January 8, 2006, who were members of LACERS, were allowed to transfer to Tier 5 during the enrollment period of January 8, 2006 to January 5, 2007.

Tier 6 was established for all firefighters, police and Harbor Port Police officers hired on or after July 1, 2011. Tier 6 includes sworn officers from the Department of General Services who transferred to Los Angeles Police Department (LAPD) classifications and elected to opt out of LACERS by the December 12, 2014 deadline. Effective January 7, 2018, Tier 6 also includes all new Airport police officers, as well as any Airport police officers hired prior to January 7, 2018 who elected to transfer to Tier 6 from LACERS at their own expense.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

Tier 1 members hired prior to January 17, 1927, with 20 years of service are entitled to annual pension benefits equal to 50%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 members hired on or after January 17, 1927, with 20 or more years of service are entitled to annual pension benefits equal to 40%, increasing for each year of service over 20 years, to a maximum of 66-2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of retirement. Tier 1 has no minimum age requirement and provides for unlimited post-employment cost-of-living adjustments (COLA) based on the Consumer Price Index (CPI). Tier 1 members who were active as of July 1, 1982, and who terminated their employment after July 1, 1982, were entitled to a refund of contributions plus Board-approved interest if they did not qualify for a pension or if they waived their pension entitlements.

Tier 2 members with 20 or more years of service are entitled to annual pension benefits equal to 40% of their final compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 2 has no minimum age requirement and provides for unlimited post-employment COLAs based on the CPI. Tier 2 members who were active as of July 1, 1982, and who terminate their employment after July 1, 1982, are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 3 members must be at least age 50 with 10 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 20% of the monthly average of a member's salary during any 12 consecutive months of service as a Plan member (one-year average compensation), increasing for each year of service over 10 years, to a maximum of 70% for 30 years. Tier 3 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The Los Angeles City Council (City Council) may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 4 members must have at least 20 years of service to be entitled to a service pension. There is no minimum age requirement. Annual pension benefits are equal to 40% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 70% for 30 years. Tier 4 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. The City Council may grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment before they are eligible for pension benefits do not receive a refund of contributions.

Tier 5 members must be at least age 50 with 20 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

Tier 6 members must be at least age 50 with 20 or more years of service to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for post-employment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant an ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Health Subsidy Plan

Members of the System are entitled to post-employment health subsidy benefits under Sections 1330, 1428, 1518, 1618, and 1718 of the City Charter; Section 4.2018 of the Administrative Code; and related ordinances. Health subsidy benefits are available to members and their covered dependents (e.g., spouses/domestic partners and/or children) on disability and service retirement. Effective January 1, 2000, qualified surviving spouses/domestic partners are eligible for health subsidy benefits. Members who retire from the System with at least 10 years of service are eligible for health subsidy benefits. For retirement effective dates prior to July 1, 1998, regular benefits begin at age 60. For retirement effective dates on or after July 1, 1998, regular benefits begin at age 55. Tier 6 members who retire on a service-connected disability pension are eligible for a minimum health subsidy at age 55 if they have fewer than 10 years of service.

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. The maximum monthly subsidy for fiscal years 2022 and 2021 was $1,958.82 and $1,920.41, respectively. The System also reimburses the basic Medicare Part B premium for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

The System began pre-funding the health subsidy benefits effective with the 1989-1990 plan year. Full funding was phased in over four years.

Effective July 1, 2008, actual employer contributions and benefit payments relating to health subsidy benefits are separately accounted for in order to comply with Internal Revenue Code Section 401(h).

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Health Insurance Premium Reimbursement Program

Effective January 1, 2001, members of the System are entitled to post-employment health insurance premium reimbursements under Section 4.1163 of the Administrative Code.

Eligibility requirements for pensioners and qualified surviving spouses/domestic partners are as follows: The pensioner (whether living or deceased) must meet minimum age and service requirements for a health subsidy. The pensioner or qualified surviving spouse/domestic partner must reside either outside California or in the State of California but not within a Board-approved health plan zip code service area. They may not be enrolled in a Board-approved plan. Effective April 6, 2017, pensioners or qualified surviving spouses/domestic partners may reside anywhere and be eligible to participate in this program.

The reimbursement paid is a percentage of the maximum health subsidy. The System also reimburses the basic Medicare Part B premium for any pensioner or qualified surviving spouse/domestic partner eligible to receive a subsidy and enrolled in Medicare Parts A and B.

Dental Subsidy Plan

Members who retire from the System with at least 10 years of service, are age 55 years or older, and are enrolled in a Board-approved dental plan, are eligible for dental subsidy benefits. Surviving spouses, domestic partners, and dependents are not covered by this subsidy.

The benefit paid is a percentage of a maximum subsidy for dental insurance based on the lower of the dental subsidy in effect for LACERS or active Safety Members. The maximum monthly subsidy was $44.60 for calendar years 2022 and 2021. In determining the dental subsidy, members receive 4% for each whole year of service, up to 100% of the maximum.

Deferred Retirement Option Plan

Effective May 1, 2002, members of the System have the option to enroll in the Deferred Retirement Option Plan (DROP) under Section 4.2100 of the Administrative Code. Members of Tiers 2 and 4 who have at least 25 years of service, and members of Tiers 3, 5, and 6 who have at least 25 years of service and who are at least age 50 are eligible for DROP.

Members who enroll continue to work and receive their active salary for up to five years. Enrolled members continue to contribute to the System until they have completed the maximum number of years required for their tier but cease to earn additional retirement service and salary credits. Monthly pension benefits that would have been paid to enrolled members are credited to their DROP accounts. DROP account balances earn interest at an annual rate of 5%.

Effective February 1, 2019, for members who enroll on or after this date, participation in DROP will be suspended for any calendar month in which a participant does not spend at least 112 hours on “active duty” status. However, if a participant sustains a serious injury on duty and is admitted to the hospital for at least three consecutive days as a result of the injury, their participation will not be suspended during the first 12 calendar months following the date of injury. If a member’s DROP participation is suspended, he/she is eligible to participate in DROP for a maximum of 30 additional months beyond his/her original five-year

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Deferred Retirement Option Plan (Continued)

participation period. The participation period can only be extended for as many months as the member's participation was suspended and no interest is credited to the member's DROP account following the initial five-year participation period.

Once the DROP participation period ends, enrolled members must terminate active employment. They then receive the proceeds from their DROP account and a monthly benefit based on their service and salary at the beginning date of their DROP participation, plus applicable COLAs.

At June 30, 2022 and 2021, 1,415 and 1,484 pensioners, respectively, were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately $386,872,708 and $370,857,105, respectively.

Two Percent Opt-In

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree health subsidies and reimbursements for members of the System who retired or entered DROP on or after July 15, 2011. This ordinance added language to the Los Angeles Administrative Code to freeze the maximum monthly non-Medicare subsidy at the July 1, 2011, rate of $1,097.41 per month, and freeze the maximum monthly Medicare subsidy at the January 1, 2011, rate of $480.41 per month. However, the ordinance also provided that members may make an irrevocable election to contribute towards vesting increases in the maximum health subsidy, as allowed by an applicable Memorandum of Understanding.

Members who opted-in to make the additional two-percent pension contributions are entitled to the current maximum health subsidy benefit and all future subsidy increases once they retire and become eligible to receive a subsidy. The opt-in period for the majority of the members began August 15, 2011, and closed September 29, 2011.

SINCE THE PENSION AND HEALTH SUBSIDY PLANS INCLUDE DETAILED PROVISIONS, MEMBERS SHOULD REFER TO THE LEGAL TEXT OF THE CITY CHARTER AND LOS ANGELES CITY ADMINISTRATIVE CODE FOR MORE COMPLETE INFORMATION.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan Membership

The components of the System's Pension Plan membership at June 30, 2022 and 2021, are as follows:

	2022	2021
Active Nonvested:		
Tier 1	-	-
Tier 2	-	-
Tier 3	-	-
Tier 4	6	30
Tier 5	4,062	4,442
Tier 6	4,402	3,848
	8,470	8,320
Active Vested:		
Tier 1	-	-
Tier 2	4	5
Tier 3	472	542
Tier 4	168	168
Tier 5	3,653	3,785
Tier 6	4	3
	4,301	4,503
Pensioners and Beneficiaries:		
Tier 1	190	212
Tier 2	6,334	6,564
Tier 3	910	843
Tier 4	389	365
Tier 5	5,995	5,540
Tier 6	3	3
	13,821	13,527
Vested Terminated		
Tier 3	33	38
Tier 5	257	245
Tier 6	433	350
	723	633
	27,315	26,983

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

Financial Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as outlined by the Governmental Accounting Standards Board (GASB).

Investments and Method Used to Value Investments

Temporary investments, consisting primarily of bankers' acceptances, commercial paper, certificates of deposit, pooled temporary investments, U.S. Treasury bills, and repurchase agreements along with bonds, stocks, and alternative investments, are reported at fair value. Pooled temporary investments represent funds invested in a custodian-managed discretionary short-term investment fund. This fund invests in a variety of U.S. and foreign securities rated A1 or P-1 by Moody's Investors Service and Standard & Poor's, respectively, or equivalent quality as determined by the custodian.

Investments denominated in foreign currencies are translated to the U.S. dollar at the rate of exchange in effect at the System's year-end. Resulting gains or losses are included in the System's Statements of Changes in Fiduciary Net Position.

The category of alternative investments includes private equity and hedge funds. Private equity investments are composed predominantly of limited partnerships that invest mainly in privately-owned companies. Hedge funds are pooled investment programs that invest in a wide variety of asset classes and use a wide variety of approaches. The use of leverage and short selling is a common characteristic.

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 the accrual basis of accounting. The corresponding proceeds due from sales are reported on the Statements of Fiduciary Net Position as receivables and labeled due from brokers and amounts payable for purchases are reported as liabilities and labeled due to brokers. Dividend income is recorded on ex-dividend date and interest income is accrued as earned.

Investments are carried at fair value. The fair value of securities investments is generally based on published market prices or quotations from major investment dealers. Investments for which market quotations are not readily available are valued at their estimated fair value. The fair values of private equity investments are estimated by the investment managers based on consideration of various factors, including current net position valuations of underlying investments in limited partnerships, the financial statements of investee limited partnerships prepared in accordance with accounting principles generally accepted in the United States of America, and other financial information provided by the investment managers of investee limited partnerships.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Method Used to Value Investments (Continued)

The sole hedge fund investment is valued by the fund manager based upon the information received from individual hedge funds in which monies are invested. Real estate investments are recorded in the financial statements under the equity method and are carried at fair value as determined by a periodic external appraisal. The fair values of real estate investment funds are provided by the individual real estate fund managers with periodic external valuations.

Cash

Cash consists primarily of an undivided interest in the cash held by the City Treasurer. These monies are pooled with the monies of other City agencies and invested by the City Treasurer's office.

Capital Assets

Capital assets include land, building, improvements, computer/software, furniture and fixtures that are used in operation. Assets with an individual cost of at least $5,000 and an estimated useful life of more than one year are capitalized. Capital assets are valued at acquisition cost plus the cost of improvements. Depreciation is computed using the straight-line method over the estimated useful lives of the building and improvements (20-year), computer/software (10-year) and furniture and fixtures (5-year). The System acquired the Neptune Building in fiscal year 2013 and occupied it as the headquarters in fiscal year 2016. Recorded values of land and building were assigned based on a ratio obtained from the November 2016 independent appraisal report.

Mortgage Payable

Mortgage payable is stated at fair value. The fair value of mortgage loans payable is presented at the amount at which the liability could be transferred to a market participant, exclusive of direct transaction costs such as prepayment penalties. The fair value of mortgage loans payable have been determined by giving consideration to one or more of the following criteria as appropriate: (i) interest rates and/or interest rate spreads for loans of comparable quality and maturity, (ii) the value of the underlying collateral, (iii) the credit risk of the borrower based on key elements of the real estate investment's valuation, (iv) market based loan-to-value and debt-service-coverage ratios relative to each mortgage loan payable valuation, and (v) key terms such as assumability, recourse provisions and guaranties. These inputs are considered within a discounted cash flow model used to determine the estimated fair value of mortgage loans payable.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

NOTE 3 – NEW ACCOUNTING STANDARDS

Implementation of the following GASB statements effective beginning fiscal year 2022.

In June 2017, the GASB issued Statement No. 87, *Leases* effective for fiscal years beginning after December 15, 2019. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 87 to fiscal years beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The System has evaluated its applicable lease agreements and deemed them immaterial for accounting and reporting requirements under the new lease standard.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020* effective for fiscal years beginning after June 15, 2020. In May 2020, the GASB issued Statement No. 95 which changed the effective date for Statement No. 92 to fiscal years beginning after June 15, 2021. The objectives of this Statement are to enhance comparability in accounting and financial reporting as well as improve the consistency of authoritative literature. The variety of topics covered include the effective date for Statement No. 87, the reporting of intra-entity transfers, the applicability of certain requirements of Statements No. 73, 74, and 84, and the measurement of liabilities related to asset retirement obligations. There are no applicable reporting requirements for the System related to this Statement.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for fiscal years ending after December 31, 2021 for the removal of LIBOR as a benchmark interest rate. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of LIBOR. There are no applicable reporting requirements for the System related to this Statement.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*, effective upon issuance, except for the requirements related to leases, PPP's, and SBITAs that are effective for fiscal years beginning after June 15, 2022 and for the requirements related to financial guarantees and classification and reporting of derivative instruments that are effective for fiscal years beginning after June 15, 2023. The objective of this Statement is to improve the consistency of authoritative literature and enhance the comparability in accounting and financial reporting. The variety of topics covered include the requirements related to the extension of the use of LIBOR, disclosures of nonmonetary transactions, pledges of future revenues by the pledging governments, clarification of provisions in Statement No. 34, and terminology used in Statement No. 53 and 63. There are no applicable reporting requirements for the System related to this Statement.

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION

As a condition of participation, members are required to contribute a percentage of their salaries to the System. Tier 1 members were required by the City Charter to contribute 6% of salary. The System's actuary recommended that Tier 2 members contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary. Tiers 3 and 4 members are required to contribute 8% of salary. Tier 5 members are required to contribute 9% of salary. However, the City shall pay 1% of the Tier 5 required contribution rate contingent on the System remaining at least 100% actuarially funded for pension benefits. Since July 1, 2006, Tier 5 members have been required to contribute 9% of salary because the System has remained less than 100% actuarially funded for pension benefits as determined by the System's actuary. Tier 6 members are required to contribute 9% of salary for regular pension contributions. Tier 6 members are also required to make an additional pension contribution of 2% of salary to support the City's ability to fund retiree health benefits. Airport police officers who transferred to Tier 6 from LACERS are required to contribute to the System at their same LACERS contribution rates until they retire.

The City Charter specifies that the City will make the following contributions each year:

A. An amount equal to the City's share of defined entry age normal costs.

B. For members of Tiers 1 and 2, a dollar amount or percentage necessary to amortize the "unfunded liability" of the System over a 70-year period, beginning with the fiscal year commencing July 1, 1967. Under Tiers 3, 4, and 5, any "unfunded liability" resulting from plan amendments shall be amortized over a 25-year period, and actuarial experience gains and losses shall be amortized over a 20-year period. For Tier 6, the unfunded liabilities shall be funded in accordance with the actuarial funding method adopted by the Board upon the advice of the consulting actuary. Charter Amendment G, effective April 8, 2011, now provides that with the advice of the consulting actuary, the Board shall establish amortization policies for unfunded actuarial accrued liabilities and surpluses for all Tiers.

C. An amount to provide for the Health Subsidy Plan.

Accordingly, the City's contributions as determined by the System's actuary for items A, B, and C above, net of early payment discount, for the fiscal years ended June 30, 2022 and 2021, were as follows ($ in thousands):

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

Fiscal Year Ended June 30, 2022

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 155	$15,193	$ 5,985	$233,043	$ 61,729	$ 2,859	$ 556	$ 1,766
Pension Unfunded Supplemental Present Value Amount	13,745	3,930	(2,044)	5,817	130,352	41,012	981	245	143
Pension Administrative Expense	-	8	1,002	363	13,903	4,374	166	41	126
Health subsidy entry age Normal cost	-	22	3,688	1,318	47,380	23,236	733	189	747
Health subsidy unfunded actuarial accrued liability annual amount	1,304	60,366	5,188	3,144	33,367	10,498	123	31	47
Health Administrative Expenses	-	1	88	32	1,223	385	15	4	11
Total	$15,049	$64,482	$23,115	$16,659	$459,268	$141,234	$ 4,877	$ 1,066	$ 2,840

During fiscal year 2022, total contributions of $728.59 million from the employer and $149.24 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2020. For the Pension Plan, fiscal year 2022 employer contributions included $321.29 million for entry age normal cost, $194.18 million for the unfunded supplemental present value annual amount, and $19.98 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2022 employer contributions consisted of $77.31 million for entry age normal cost, $114.07 million for the unfunded actuarial accrued liability annual amount, and $1.76 million for health administrative expense.

Fiscal Year Ended June 30, 2021

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 235	$15,181	$ 6,354	$229,871	$ 51,976	$ 2,682	$ 456	$ 1,350
Pension Unfunded Supplemental Present Value Amount	14,150	5,371	(474)	7,267	150,571	39,768	814	170	118
Pension Administrative Expense	-	11	959	363	12,942	3,418	146	31	88
Health subsidy entry age Normal cost	-	28	3,956	1,451	50,036	21,151	787	185	617
Health subsidy unfunded actuarial accrued liability annual amount	1,393	63,505	5,529	3,475	36,863	9,736	186	39	44
Health Administrative Expenses	-	1	77	29	1,040	275	12	2	7
Total	$15,543	$69,151	$25,228	$18,939	$481,323	$126,324	$ 4,627	$ 883	$ 2,224

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

During fiscal year 2021, total contributions of $744.24 million from the employer and $157.79 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2019. For the Pension Plan, fiscal year 2021 employer contributions included $308.11 million for entry age normal cost, $217.76 million for the unfunded supplemental present value annual amount, and $17.96 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2021 employer contributions consisted of $78.21 million for entry age normal cost, $120.77 million for the unfunded actuarial accrued liability annual amount, and $1.44 million for health administrative expense.

NOTE 5 – NET PENSION LIABILITY

The components of the System's net pension liability (NPL) at June 30, 2022 and 2021, were as follows:

	2022	2021
Total Pension Liability	$ 25,907,293,994	$ 25,160,777,262
Less: Fiduciary Net Position	25,258,536,156	27,862,307,134
Net Pension Liability (Asset)	$ 648,757,838	$ (2,701,529,872)
Fiduciary Net Position as a Percentage of the Total Pension Liability	97.50%	110.74%

The NPL was measured as of June 30, 2022 and June 30, 2021 and determined based upon plan assets as of each measurement date and upon rolling forward to each measurement date the total pension liability (TPL) from the actuarial valuation as of June 30, 2021 and 2020, respectively.

Actuarial Assumptions

The TPL as of June 30, 2022 and June 30, 2021 that were measured by actuarial valuations as of June 30, 2021 and June 30, 2020, respectively, used the following actuarial assumptions, which were based on the July 1, 2016 through June 30, 2019 Experience Study Report dated May 13, 2020, applied to all periods included in the measurement as of June 30, 2022 and 2021:

Inflation Rate	2.75%
Projected Salary Increase	Ranges from 4.15% to 12.25% based on years of service, including inflation.
Investment Return Rate	7.00%, including inflation but net of pension plan investment expenses.
Real Across-the-Board Salary Increase	0.50%
Cost of Living Adjustments (COLAs)	2.75% of Tiers 1 - 6 retirement income.

NOTE 5 – NET PENSION LIABILITY (Continued)

Mortality	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019.
	Disabled: Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019.
	Beneficiary: Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 105%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

Investment Return Rate

The long-term expected rate of return on Pension Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each measurement class, after deducting inflation, but before reduction for investment expenses, used in the derivation of the long-term expected investment return rate assumption for June 30, 2022 and 2021 are summarized in the following table. This information may change every three years based on the actuarial experience study.

	Target Allocation Percentage		Long Term Expected Real Rate of Return	
Asset Class	2022	2021	2022	2021
Large Cap U.S. Equity	23.00%	23.00%	5.40%	5.40%
Small Cap U.S. Equity	6.00%	6.00%	6.20%	6.20%
Developed International Equity	16.00%	16.00%	6.54%	6.54%
Emerging Markets Equity	5.00%	5.00%	8.78%	8.78%
U.S. Core Fixed Income	13.00%	13.00%	1.07%	1.07%
High Yield Bonds	3.00%	3.00%	3.31%	3.31%
Real Estate	7.00%	7.00%	4.65%	4.65%
Treasury Inflation Protected Securities (TIPS)	4.00%	4.00%	0.62%	0.62%
Commodities	5.00%	5.00%	3.05%	3.05%
Cash	1.00%	1.00%	0.01%	0.01%
Unconstrained Fixed Income	2.00%	2.00%	1.37%	1.37%
Private Equity	12.00%	12.00%	8.25%	8.25%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	4.40%	4.40%
Total Portfolio	100.00%	100.00%	4.99%	4.99%

NOTE 5 – NET PENSION LIABILITY (Continued)

Discount Rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2022 and June 30, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. 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, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension 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 TPL as of June 30, 2022 and 2021.

Sensitivity Analysis

The following presents the NPL of the System as of June 30, 2022 and 2021, calculated using the discount rate of 7.00% for 2022 and 2021, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Sensitivity Analysis (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NPL as of June 30, 2022	$ 4,269,849,343	$ 648,757,838	$ (2,290,019,010)
NPL as of June 30, 2021	$ 814,268,204	$ (2,701,529,872)	$ (5,555,520,445)

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY

The components of the System's net Other Postemployment Benefits (OPEB) liability at June 30, 2022 and 2021, were as follows:

	2022	2021
Total OPEB Liability	$ 3,649,332,287	$ 3,793,174,035
Less: Fiduciary Net Position	2,722,122,493	2,888,310,382
Net OPEB Liability	$ 927,209,794	$ 904,863,653
Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.59%	76.14%

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

The Net OPEB Liability (NOL) was measured as of June 30, 2022 and June 30, 2021. The Health Subsidy's Net Position was valued as of the measurement date, while the Total OPEB Liability (TOL) was determined based upon the results of the funding actuarial valuations as of June 30, 2022 and 2021.

Actuarial Assumptions

The TOL as of June 30, 2022 and 2021 were determined by actuarial valuations as of June 30, 2022 and 2021, respectively. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019 with the exception of the mortality assumption where the Board adopted the updated Pub-2010 mortality tables proposed in a separate letter dated December 12, 2019 and the health assumptions letter dated September 8, 2022. They are the same as the assumptions used in the June 30, 2022 funding actuarial valuation.

The following actuarial assumptions were applied to all periods included in the measurements as of June 30, 2022 and 2021:

Inflation Rate	2.75%
Projected Salary Increase	Ranges from 4.15% to 12.25% based on years of service, including inflation
Investment Return Rate	7.00%, including inflation but net of investment expenses.
Real Across-the-Board Salary Increase	0.50%
Cost of Living Adjustments (COLAs)	2.75% of Tiers 1-6 retirement income.
Mortality	Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table multiplied by 105% for males and 100% for females, projected generationally with the two-dimensional mortality improvement scale MP-2019. Disabled: Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2019. Beneficiary: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table multiplied by 105%, projected generationally with the two-dimensional mortality improvement scale MP-2019.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Investment Return Rate

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) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each measurement class, after deducting inflation, but before reduction for investment expenses, used in the derivation of the long-term expected investment return rate assumption for June 30, 2022 and 2021 are summarized in the following table. This information will change every three years based on the actuarial experience study.

	Target Allocation Percentage		Long Term Expected Real Rate of Return	
Asset Class	2022	2021	2022	2021
Large Cap U.S. Equity	23.00%	23.00%	5.40%	5.40%
Small Cap U.S. Equity	6.00%	6.00%	6.20%	6.20%
Developed International Equity	16.00%	16.00%	6.54%	6.54%
Emerging Markets Equity	5.00%	5.00%	8.78%	8.78%
U.S. Core Fixed Income	13.00%	13.00%	1.07%	1.07%
High Yield Bonds	3.00%	3.00%	3.31%	3.31%
Real Estate	7.00%	7.00%	4.65%	4.65%
Treasury Inflation Protected Securities (TIPS)	4.00%	4.00%	0.62%	0.62%
Commodities	5.00%	5.00%	3.05%	3.05%
Cash	1.00%	1.00%	0.01%	0.01%
Unconstrained Fixed Income	2.00%	2.00%	1.37%	1.37%
Private Equity	12.00%	12.00%	8.25%	8.25%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	4.40%	4.40%
Total Portfolio	100.00%	100.00%	4.99%	4.99%

Discount Rate

The discount rate used to measure the TOL was 7.00% as of June 30, 2022 and June 30, 2021. 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 each tier. 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 members and their beneficiaries are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefits 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 TOL as of both June 30, 2022 and June 30, 2021.

NOTE 6 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Sensitivity Analysis

The following presents the NOL of the System as of June 30, 2022 and 2021, calculated using the discount rate of 7.00, as well as what the System's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NOL as of June 30, 2022	$1,469,980,422	$ 927,209,794	$ 488,482,606
NOL as of June 30, 2021	$1,477,432,841	$ 904,863,653	$ 442,549,325

Sensitivity Analysis to Changes in Trend Rate

The following presents the NOL of the Health Subsidy Plan of the System as of June 30, 2022 and 2021, as well as what the System's NOL would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
NOL as of June 30, 2022	$ 470,992,806	$ 927,209,794	$ 1,503,027,800
NOL as of June 30, 2021	$ 422,856,037	$ 904,863,653	$ 1,513,968,861

Additional information from the actuarial valuations as of June 30, 2022 and 2021 are as follows:

	June 30, 2022	June 30, 2021
Non-Medicare Medical Plan	7.25%, then graded down to an ultimate of 4.50% over 11 years	7.50%, then graded down to an ultimate of 4.50% over 12 years
Medicare Medical Plan	6.50%, then graded down to an ultimate of 4.50% over 8 years	6.50%, then graded down to an ultimate of 4.50% over 8 years
Dental	3.00%	4.00%
Medicare Part B	4.50%	4.50%
Medical Subsidy Trend	For employees not subject to subsidy freeze. For all non-Medicare retirees, increase at lesser of 7.00% or non-Medicare medical trend. For Medicare retirees with single party premium, increase with medical trend. For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2022 and 2021 (e.g., Fire Kaiser), increase with medical trend. For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2022 and 2021 (e.g., Police Blue Cross PPO), increase with lesser of 7.00% or medical trend.	

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Sensitivity Analysis to Changes in Trend Rate (Continued)

The following assumptions were adopted by the Board based on the July 1, 2016 through June 30, 2019 actuarial experience study for June 30, 2022 and June 30, 2021 actuarial valuations:

Actuarial Cost Method: Entry age normal, level percent of pay.

Adminstrative Expenses: Out of the total 1.40% of payroll in administrative expense, 0.11% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.11% of payroll payable at beginning of the year.

Spouse Age Difference: Males are assumed to be 3 years older than a female spouse.

Participation:

Service Range (Years)	Participation for Future Retirees Under 65 (Percentage)	Participation for Future Retirees Over 65 (Percentage)	Participation Upon Attaining Age 65 for Current Retiree Aged 55-64 Without Subsidy (Percentage)
10-14	45%	80%	63.64%
15-19	65%	85%	57.14%
20-24	80%	85%	25.00%
25 and over	95%	95%	0.00%

Medicare Coverage: 100% of future retirees are assumed to elect Medicare Parts A and B.

Dental Coverage: 85% of future retirees are assumed to elect dental coverage.

Spousal Coverage: Of future retirees receiving a medical subsidy, 75% are assumed to elect coverage for married and surviving spouses or domestic partners. For those retired on valuation date with a subsidy, spousal/domestic partner coverage is based on census data.

Implicit Subsidy: Based on information provided in 2019 by the health consultant retained by Los Angeles Firemen's Relief Association (LAFRA), we understand that retirees under age 65 enrolled in the Fire Kaiser Medical Plan are presently underwritten with the actives enrolled in that plan. LAFPP has made a decision to include the implicit subsidy in the employer's contribution rate starting with the June 30, 2019 funding valuation. No implicit subsidy needs to be valued for the other medical plans since retiree medical premiums are underwritten seperately from active premiums.

Other actuarial assumptions on mortality rates, termination rates, retirement rates, net investment return, and future benefit accruals are the same as for Pension Plan benefits.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Sensitivity Analysis to Changes in Trend Rate (Continued)

The per capita cost assumptions were based on premium, subsidy, and census data provided by the System and are summarized as follows:

For fiscal year 2022:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	85%	$ 2,046.97	$ 2,046.97	$ 900.24	85%	$ 494.67	$ 793.46	$ 494.67
Fire Kaiser	10%	2,046.97	2,046.97	900.24	12.5%	494.67	484.14	494.67
UFLAC Select HMO	2.5%	2,046.97	2,046.97	900.24	0%	494.67	732.97	494.67
UFLAC HDHP	2.5%	2,046.97	2,046.97	900.24	2.5%	494.67	984.54	494.67
Police Blue Cross PPO	65%	2,046.97	2,046.97	900.24	75%	494.67	1,133.81	494.67
Police Blue Cross HMO	10%	2,046.97	2,046.97	900.24	10%	494.67	1,096.31	494.67
Police Kaiser	25%	2,046.97	2,046.97	900.24	15%	494.67	361.98	494.67
Dental	85%	44.60	44.60	-	85%	44.60	44.60	-
Medicare	N/A	-	-	-	100%	170.10	170.10	-

For fiscal year 2021:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	85%	$ 1,958.82	$ 1,958.82	$ 853.39	85%	$ 564.92	$ 863.71	$ 564.92
Fire Kaiser	10%	1,958.82	1,958.82	853.39	15%	564.92	499.64	564.92
UFLAC Select HMO	2.5%	1,958.82	1,958.82	853.39	0%	564.92	1,004.06	564.92
UFLAC HDHP	2.5%	1,958.82	1,958.82	853.39	0%	564.92	1,004.06	564.92
Police Blue Cross PPO	60%	1,958.82	1,958.82	853.39	75%	564.92	1,151.06	564.92
Police Blue Cross HMO	15%	1,958.82	1,958.82	853.39	10%	564.92	1,189.56	564.92
Police Kaiser	25%	1,958.82	1,958.82	853.39	15%	564.92	402.04	564.92
Dental	85%	44.60	44.60	-	85%	44.60	44.60	-
Medicare	N/A	-	-	-	100%	148.50	148.50	-

Note: The System pays the lower of the member's subsidy or member's medical plan premium.

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY (Continued)

Health Subsidy Plan Membership

The component of the Health Subsidy Plan membership at June 30, 2022 and 2021, are as follows:

	2022	2021
Retired Members	9,966	9,750
Beneficiaries	1,703	1,689
Vested Terminated Members	1,011	948
Active Members	12,771	12,823
	25,451	25,210

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS

Cash and Temporary Investments

The System considers investments purchased with a maturity of 12 months or less to be temporary investments. At June 30, 2022, cash and temporary investments consisted of $6,761,031 cash held by the City Treasurer's office and $910,755,097 in collective short-term investment funds (STIF). At June 30, 2021, cash and temporary investments consisted of $7,106,405 cash held by the City Treasurer's office and $1,818,755,954 in collective short-term investment funds (STIF). Cash held by the City Treasurer's office is pooled with funds of other City agencies and is not individually identifiable. The temporary investments are not leveled and not included in the following fair value measurements hierarchy table.

Fair Value of Investments

The System measures and categorizes its investments using fair value measurements guidelines established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The levels of valuation inputs are as follows:

Level 1 – Quoted prices for identical assets or liabilities in an active market
Level 2 – Observable inputs other than quoted market prices; and,
Level 3 – Unobservable inputs.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

At June 30, 2022, the System has the following recurring fair value measurements ($ in thousands):

	June 30, 2022	Level 1	Level 2	Level 3
Investments by fair value level				
Debt Securities				
U.S. Treasuries	$ 2,453,839	$ -	$ 2,453,839	$ -
U.S. Agencies	530,433	-	530,433	-
Municipal/Provincial Bonds	14,157	-	14,157	-
Collateralized Debt Obligations	444,046	-	442,249	1,797
Commercial Paper	36,919	-	36,919	-
Corporate Bonds	2,012,315	-	2,012,315	-
Total Debt Securities	5,491,709	-	5,489,912	1,797
Equity Securities				
Common Stock	14,372,403	14,354,604	2,125	15,674
Preferred Stock	102,228	98,711	-	3,517
Other	229	26	-	203
Total Equity Securities	14,474,860	14,453,341	2,125	19,394
Real Estate	794,699	191,939	-	602,760
Derivatives	(18,387)	415	(18,802)	
Total Investments by Fair Value	$ 20,742,881	$ 14,645,695	$ 5,473,235	$ 623,951

Investment measured at the net asset value (NAV)	
Private Equity Partnerships	$ 4,944,864
Real Estate	1,359,315
Hedge Funds	75,156
Corporate Debt Securities	48,671
Total Investments Measured at NAV	$ 6,428,006

Note: Temporary investments of $911 million are not included in the fair value hierarchy above.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities such as U.S. Treasuries, U.S. Agencies, municipal bonds, collateralized debt obligations, commercial paper, corporate bonds and other equity securities are classified in Level 2. They are valued using quoted prices for identical securities in markets that are not active. The value prices observed used market-based inputs.

Debt securities, namely collateralized debt obligations and corporate bonds, classified in Level 3 are valued using unobservable inputs which can be extrapolated data, proprietary models or indicative quotes. Other equity securities classified in Level 3 are valued using uncorroborated indicative quotes.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Fair Value of Investments (continued)

Real estate corporate accounts investments are valued based on an independent appraisal or other methods using various techniques including models. Real estate corporate accounts are scheduled for independent appraisal on a rolling 3-year period.

The System's investments such as private equity partnerships, comingled real estate funds, hedge funds, asset/mortgage-backed security funds and commercial mortgages are valued using the net asset value (NAV). Real estate pooled investments are valued based on an independent appraisal or other methods using various techniques including models. Hedge funds generally do not have readily obtainable market values and take the form of limited partnerships. Valuation is either based on the partnerships audited financial statements or from the most recently available internal valuation.

Investments measured at the NAV ($ in thousands):

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity funds and Partnerships	$ 4,944,864	$ 2,450,100	N/A	-
Real Estate[1]	1,359,315	725,552	Quarterly	90 -179 days
Hedge Funds	75,156		Quarterly	90 days
Corporate Debt Securities	48,671		Anytime	-
Total Investments measured at NAV	$ 6,428,006			

[1] This type investment includes $697.9 million of commingled real estate committed and funded that can be redeemed quarterly with 90 to 179 days redemption notice period.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Investment Policy

The Board is responsible for adopting an investment policy using the "prudent person standard" per Article XI, Section 1106 (c) of the City Charter. Investments are made with 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.

The Board's adopted allocation policy effective during fiscal years 2022 and 2021 were as follow:

Asset Class	2022	2021
Large Cap U.S. Equity	23.00%	23.00%
Small Cap U.S. Equity	6.00%	6.00%
Developed International Equity	16.00%	16.00%
Emerging Markets Equity	5.00%	5.00%
U.S. Core Fixed Income	12.00%	12.00%
High Yield Bonds	3.00%	3.00%
Real Estate	7.00%	7.00%
Treasury Inflation Protected Securities (TIPS)	5.00%	5.00%
Commodities	1.00%	1.00%
Cash	1.00%	1.00%
Unconstrained Fixed Income	2.00%	2.00%
Private Equity	14.00%	14.00%
Private Credit	2.00%	2.00%
Real Estate Investment Trusts (REITS)	3.00%	3.00%
Total Portfolio	100.00%	100.00%

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment will not fulfill its obligations. The System seeks to maintain a diversified portfolio of fixed income securities in order to obtain the highest total return at an acceptable level of risk within this asset class.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Credit Risk (continued)

As of June 30, 2022, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 2,566,540,497	51.75%
AA	75,175,787	1.52%
A	506,417,149	10.21%
BBB	703,673,286	14.19%
BB	372,461,496	7.50%
B	252,744,776	5.10%
CCC	44,268,310	0.89%
CC	617,696	0.01%
C	581,514	0.01%
Not Rated	436,862,036	8.81%
Subtotal	4,959,342,547	100.00%
U.S. Government Issued or Guaranteed Securities	581,037,833	
Total Fixed Income Investments	$ 5,540,380,380	

As of June 30, 2021, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 2,379,167,922	49.71%
AA	114,457,628	2.39%
A	475,862,353	9.94%
BBB	762,269,788	15.93%
BB	398,360,486	8.31%
B	290,928,805	6.08%
CCC	59,264,956	1.24%
CC	799,830	0.02%
C	769,120	0.02%
Not Rated	304,008,745	6.35%
Subtotal	4,785,889,633	100.00%
U.S. Government Issued or Guaranteed Securities	479,027,533	
Total Fixed Income Investments	$ 5,264,917,166	

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2022 and 2021, the System's exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to $15,875,021 and $14,085,788, respectively.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the System's name, and held by the counterparty. As of June 30, 2022 and 2021, the System's investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in the System's name. As of June 30, 2022 and 2021, the System's sole hedge fund investment of $75,155,719 and $111,081,619, private equity of $4,926,476,889 and $4,225,139,697, and commingled real estate funds of $1,359,314,896 and $905,292,725, were exposed to custodial credit risk, respectively.

Concentration of Credit Risk

Concentration of credit risk exists when the System has investments in a single issuer totaling 5% or more of the total investment portfolio. As of June 30, 2022 and 2021, the System's investment portfolio contained no such concentrations. Securities issued or guaranteed by the U.S. Government are exempt from this limitation.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System manages its exposure to interest rate risk by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Bloomberg Barclays US Aggregate Bond Index for core fixed income investments, (2) the Bloomberg Barclays US Government/Credit Long-Term Bond Index for long duration investments, and (3) the B of A ML High Yield Master II Index for high yield investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the System's investments to interest rate fluctuations is provided in the following table that shows the weighted average effective duration of the System's fixed income investments by investment type.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Fiscal Year 2022

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 241,431,855	10.86
Bank Loans	36,919,080	4.88
Commercial Mortgage-Backed	173,293,013	21.13
Corporate Bonds	1,863,157,461	10.27
Corporate Convertible Bonds	8,154,100	10.9
Government Agencies Bonds	61,151,462	7.02
Government Bonds	1,298,560,108	9.92
Government Mortgage Backed Securities	497,879,139	23.48
Government Issued Commercial Mortgage-Backed	3,076,808	2.93
Index Linked Government Bonds	1,243,779,939	8.23
Municipal/Provincial Bonds	15,121,625	33.63
Non-Government Backed Collateralized Mortgage Obligations	50,265,844	21.94
Sukuk	992,500	4.94
Asset/Mortgage Backed Securities/Other Fixed Income Funds	46,597,446	N/A
Total Fixed Income Investments	$ 5,540,380,380	

Fiscal Year 2021

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 164,588,782	10.09
Bank Loans	35,352,270	5.58
Commercial Mortgage-Backed	90,638,789	22.92
Corporate Bonds	2,020,363,906	11.34
Corporate Convertible Bonds	9,766,032	13.33
Government Agencies Bonds	77,810,416	8.19
Government Bonds	1,067,606,830	10.53
Government Mortgage Backed Securities	378,537,144	21.78
Government Issued Commercial Mortgage-Backed	8,514,853	3.71
Index Linked Government Bonds	1,286,759,088	9.02
Municipal/Provincial Bonds	30,964,051	23.85
Non-Government Backed Collateralized Mortgage Obligations	41,626,903	23.37
Asset/Mortgage Backed Securities/Other Fixed Income Funds	52,388,102	N/A
Total Fixed Income Investments	$ 5,264,917,166	

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Interest Rate Risk (Continued)

Highly sensitive investments are certain debt investments whose terms may cause their fair value to be highly sensitive to market interest rate changes. The following are asset-backed investments by investment type:

Investment Type	2022 Fair Value	2021 Fair Value
Asset Backed Securities	$ 241,431,855	$ 164,588,784
Commercial Mortgage-Backed	173,293,013	90,638,789
Government Agencies Bonds	61,151,462	77,810,416
Government Mortgage Backed Securities	497,879,139	378,537,144
Index Linked Government Bonds	1,243,779,939	1,286,759,088
Non-Government Backed Collateralized Mortgage Obligations	50,265,844	41,626,903
	$ 2,267,801,252	$ 2,039,961,124

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of deposits or investments. The System's asset allocation policy sets a target of 21% of the total portfolio for non-U.S. investments in equities for fiscal years 2022 and 2021. The majority of the System's currency exposure comes from its holdings of foreign stocks.

The System's foreign investment holdings, including foreign currencies in temporary investments as of June 30, 2022 and 2021 are as follows:

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Foreign Currency Risk (Continued)

Foreign Currency Type	2022	2021
United Arab Emirates Dirham	$ 10,880,417	$ 3,878,540
Australian Dollar	150,071,863	233,195,634
Brazilian Real	146,378,522	142,235,844
British Pound Sterling	537,496,996	758,488,320
Canadian Dollar	115,816,092	193,695,618
Chilean Peso	2,865,143	2,822,159
Chinese Yuan Renminbi	65,065	-
Colombian Peso	1,230,297	1,287,532
Czech Koruna	4,662,176	4,775,790
Danish Krone	83,102,429	124,618,172
Euro	1,234,022,381	1,568,538,814
HK offshore Chinese Yuan Renminbi	75,769,687	46,204,738
Hong Kong Dollar	520,902,656	654,361,852
Hungarian Forint	1,407,082	1,963,437
Indian Rupee	178,706,642	168,510,376
Indonesian Rupiah	30,933,577	23,585,668
Japanese Yen	704,017,214	836,009,827
Kenyan Shilling	3,810,345	7,893,264
Malaysian Ringgit	11,832,131	10,723,451
Mexican Peso	80,621,057	59,759,032
New Israeli Shekel	9,229,812	16,535,728
New Taiwan Dollar	207,826,496	238,731,334
New Zealand Dollar	3,283,434	6,712,935
Norwegian Krone	21,690,555	28,304,346
Philippine Peso	6,370,727	5,882,638
Polish Zloty	8,887,744	8,814,193
Qatari Riyal	10,125,916	3,694,632
Singapore Dollar	37,688,070	40,269,553
South African Rand	52,195,002	55,077,072
South Korean Won	196,833,863	267,083,475
Swedish Krona	96,557,151	149,741,187
Swiss Franc	331,868,162	382,746,272
Thai Baht	24,988,710	20,350,504
Turkish Lira	4,604,226	3,517,233
	$4,906,741,640	$6,070,009,170

Note: The foreign currency total comprises foreign stocks, foreign bonds, and currency holdings.

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS (Continued)

Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on the investment of the Pension Plan and Health Subsidy Plan, gross of investment expense, for the years ended June 30, 2022 and 2021, was (7.23)% and 32.56%, respectively. The source for the rate of return was the June 30, 2022 and 2021 Monthly Returns Analysis provided by the custodian bank, Northern Trust.

NOTE 8 – SECURITIES LENDING

The System has entered into various short-term arrangements with its custodian, whereby investments are loaned to various brokers, as selected by the custodian. The lending arrangements are collateralized by cash, letters of credit, and marketable securities held on the System's behalf by the custodian. These agreements provide for the return of the investments and for a payment of a) a fee when the collateral is marketable securities or letters of credit, or b) interest earned when the collateral is cash on deposit.

Upon direction of the Board, the custodian may loan securities to brokers or dealers or other borrowers upon such terms and conditions, as it deems advisable. Collateral for the securities on loan will be maintained at a level of at least 102 percent of their fair value plus any accrued interest for U.S. securities lending and 105 percent of the fair value plus any accrued interest for non-U.S. securities lending. At year-end, the System has no credit risk exposure to borrowers because the amounts the System owes the borrowers exceed the amounts the borrowers owe the System.

The borrower has all incidents of ownership with respect to the borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. The System 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 the System as a result of the custodian's failure to: (1) make a reasonable 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 Examinations Council Supervisory Policy on Securities Lending.

These agreements provide the return of the securities and revenue determined by the type of collateral received (from which the custodian's fee is deducted). The securities on loan to brokers are shown at their fair value on the System's Statements of Fiduciary Net Position.

As required by GASB, cash received as collateral on securities lending transactions is reported as an asset, and the liabilities from these transactions are reported in the Statements of Fiduciary Net Position. The System cannot pledge or sell non-cash collateral unless the borrower defaults.

NOTE 8 – SECURITIES LENDING (Continued)

As of June 30, 2022 and 2021, the fair value of securities on loan was $1,599,550,397 and $1,568,607,084, respectively, and the fair value of collateral received was $1,660,438,274 and $1,614,260,735, respectively. Of the $1,660,438,274 collateral received as of June 30, 2022, $1,354,880,227 was cash collateral and $305,558,047 represented the fair value of non-cash collateral; and of the $1,614,260,735 collateral received as of June 30, 2021 $985,561,481 was cash collateral and $628,699,254 represented the fair value of non-cash collateral. Non-cash collateral, which the System does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statements of Fiduciary Net Position.

The following represents the balances relating to the securities lending transactions as of June 30, 2022 and 2021:

Fair value of collateral received for loaned securities as of June 30, 2022:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 341,949,422	$ 20,605,443	$ 362,554,865
Domestic Corporate Fixed Income Securities	333,799,335	42,406,953	376,206,288
Domestic Equities	584,665,304	153,146,801	737,812,105
International Fixed Income Securities	8,039,120	-	8,039,120
International Equities	86,427,046	89,398,850	175,825,896
	$ 1,354,880,227	$ 305,558,047	$ 1,660,438,274

Fair value of loaned securities as of June 30, 2022:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 334,637,691	$ 20,082,756	$ 354,720,447
Domestic Corporate Fixed Income Securities	324,739,112	41,134,810	365,873,922
Domestic Equities	564,702,886	149,053,075	713,755,961
International Fixed Income Securities	7,565,775	-	7,565,775
International Equities	77,269,724	80,364,568	157,634,292
	$ 1,308,915,188	$ 290,635,209	$ 1,599,550,397

NOTE 8 – SECURITIES LENDING (Continued)

Fair value of collateral received for loaned securities as of June 30, 2021:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 293,817,228	$ 55,779,810	$ 349,597,038
Domestic Corporate Fixed Income Securities	206,526,707	29,294,463	235,821,170
Domestic Equities	430,062,687	468,000,822	898,063,509
International Fixed Income Securities	5,866,560	-	5,866,560
International Equities	49,288,299	75,624,159	124,912,458
	$ 985,561,481	$ 628,699,254	$ 1,614,260,735

Fair value of loaned securities as of June 30, 2021:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 287,681,538	$ 54,588,066	$ 342,269,604
Domestic Corporate Fixed Income Securities	201,640,608	28,606,798	230,247,406
Domestic Equities	419,180,717	456,087,075	875,267,792
International Fixed Income Securities	5,430,997	-	5,430,997
International Equities	45,440,842	69,950,443	115,391,285
	$ 959,374,702	$ 609,232,382	$ 1,568,607,084

For the fiscal years ended June 30, 2022 and 2021, securities lending income amounted to $4,738,355 and $5,229,938, respectively, while securities lending expenses amounted to $661,973 and $730,866, respectively.

NOTE 9 – DERIVATIVE INSTRUMENTS

The System, through its outside investment managers, holds investments in swaps, options, rights, and warrants and enters into futures and forward foreign currency contracts to manage portfolio risk or use them as substitutes for owning securities. Forward contracts are subject to credit risk if the counterparties to the contracts are unable to meet the terms of the contract. Futures contracts have little credit risk, as organized exchanges are the guarantors. Due to the level of risk associated with derivative investments, it is reasonably possible that changes in the values of these investments will occur in the near term and that such changes could materially affect the amount reported in the financial statements.

NOTE 9 – DERIVATIVE INSTRUMENTS (Continued)

The fair values of the futures that are traded on various exchanges are determined by the price on that exchange. Fair values for the currency forward contracts are determined by the exchange rate of the reference currency on the last day of the reporting period.

For options, swaps, rights, and warrants pricing would come from the exchange they are traded on if they are exchange traded securities.

They can also trade as over the counter securities and the market values would then be determined by the value of a reference security or value that would typically be publicly priced. For assets traded over the counter and held at the custodian bank an independent pricing service is involved in calculating the price of the derivative security using the value of the reference security or reference value.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2022, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2022 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2022		Notional
Type	Classification		Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (280,769,372)
Futures - Longs	Investment Loss	(5,810,631)	Investment	-	130,114,162
Forwards	Investment Revenue	3,488,032	Investment	5,777,602	-
Options	Investment Loss	(243,874)	Investment	334,460	-
Rights/Warrants	Investment Loss	(115,236)	Investment	229,529	-
Swaps	Investment Loss	(50,859,880)	Investment	(18,721,369)	-

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2021, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2021 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2021		Notional
Type	Classification		Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (232,091,720)
Futures - Longs	Investment Revenue	49,503,715	Investment	-	241,038,362
Forwards	Investment Loss	(775,596)	Investment	(1,171,232)	-
Options	Investment Revenue	486,026	Investment	362	(17,774)
Rights/Warrants	Investment Loss	(373,230)	Investment	252,341	-
Swaps	Investment Revenue	98,923,274	Investment	4,446,915	-

NOTE 10 – CAPITAL ASSETS

The System's capital assets include land, building, computer/software, and furniture and fixtures.

The following is a summary of the System's capital assets at June 30, 2022 and 2021:

	2022	2021
Capital Assets Not Depreciated/Amortized		
Land	$ 6,465,660	$ 6,465,660
Total Capital Assets Not Depreciated/Amortized	6,465,660	6,465,660
Capital Assets Depreciated/Amortized		
Building	18,777,794	18,777,794
Computer/Software under Development	5,302,524	5,010,487
Furniture and fixtures	1,297,014	1,297,014
Total Capital Assets Depreciated/Amortized	25,377,332	25,085,295
Less: Accumulated Depreciation/Amortization		
Building	(5,867,418)	(4,928,528)
Computer/Software under Development	(1,590,757)	(1,002,097)
Furniture and fixtures	(1,297,014)	(1,297,014)
Total Accumulated Depreciation/Amortization	(8,755,189)	(7,227,639)
Total Capital Assets Depreciated/Amortized, Net	16,622,143	17,857,656
Total Capital Assets, Net	$ 23,087,803	$ 24,323,316

NOTE 11 – MORTGAGES PAYABLE

Mortgages are secured by real estate. For fiscal year 2022, interest rates range from 1.81% to 4.30% per annum. The average monthly principal and interest payments range from $37,708 to $88,479. For fiscal year 2021, interest rates range from 2.56% to 4.30% per annum. The average monthly principal and interest payments range from $40,874 to $86,424.

The mortgages mature from October 2023 to November 2032. Principal and interest payments due under such mortgages are as follows for the years ending June 30:

Year Ending	Principal	Interest	Total
2023	$ 553,869	$ 6,756,539	$ 7,310,408
2024	37,593,299	5,985,982	43,579,281
2025	29,050,000	4,752,566	33,802,566
2026	-	4,536,506	4,536,506
2027	25,000,000	4,197,131	29,197,131
2028-2032	109,810,000	10,148,527	119,958,527
2033	19,160,000	163,499	19,323,499
	$ 221,167,168	$ 36,540,750	$ 257,707,918

The mortgages are secured by real estate that was purchased with the funds.

The following is a summary of mortgage payable activities for the years ended June 30, 2022 and 2021:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Fair Value June 30, 2022
Mortgage Payable	$ 217,434,561	$ 4,270,664	$ 538,057	$ 221,167,168	$ 212,500,008

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Fair Value June 30, 2021
Mortgage Payable	$ 194,537,009	$ 23,960,000	$ 1,062,448	$ 217,434,561	$ 217,948,845

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Termination Rights

All members who were active on or after July 1, 1982, have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The dollar amount of contributions and interest subject to this right were $2,123,853,131 and $2,115,353,061 as of June 30, 2022 and 2021, respectively.

The City Charter and the Administrative Code provide that member contributions as of June 30 and December 31 of each year earn interest at a rate based on investment earnings, exclusive of gains and losses on principal resulting from sales of securities.

Investment Commitment

The System has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately $3,175,652,000 and $2,619,213,000 at June 30, 2022 and 2021, respectively.

Retiree Health Subsidy Freeze Litigation

In fiscal year 2021-2022, there were two cases before the courts that involved the retiree health insurance premium subsidy program that LAFPP administers (“retiree medical subsidy”). Both pending actions were brought by the Los Angeles Police Protective League against the Board and the City.

The two cases (the “LAPPL I Action” and the “LAPPL II Action”) both seek to determine what retiree medical subsidy benefit the additional 2% salary contribution provides members who make the contribution under the unions’ and City’s 2011 Letter of Agreement (“LOA”). The union argues that the 2% contribution grants members the ceiling amount under LAAC § 4.1167, meaning either 7% or the medical trend rate for that year, whichever of the two is lower, with no discretion reserved to the LAFPP Board. The City argues that the 2% contribution gives members only the right to get out from under the 2011 Freeze Ordinance and participate in the process that existed under LAAC § 4.1154(e) prior to the 2011 Freeze Ordinance. Under the pre-Freeze Ordinance process, the LAFPP Board may exercise its discretion in setting the annual subsidy rate and can set it up to the maximum amount of 7% or the medical trend rate, whichever is lower.

In the LAPPL I Action, on April 15, 2016, the plaintiffs agreed to dismiss LAFPP from the action in exchange for LAFPP’s agreement to be bound by the final judgment rendered in the case. Until a court of competent jurisdiction renders a final judgement on the interpretation of the LOA, LAFPP has a fiduciary duty to follow LAAC § 4.1154(e) as written and its Board must continue to exercise its discretion in setting the retiree medical subsidy as it did before the 2011 Freeze Ordinance.

The LAPPL Action I proceeded to trial, and on November 1, 2016, the trial court ruled in favor of the plaintiffs, finding that the language of the LOA was unambiguous without weighing the conflicting evidence regarding the interpretation of the LOA and the parties’ intent. The City appealed, and on October 30, 2018, the Second District Court of Appeal reversed and remanded the case for further proceedings consistent with the Court of Appeal’s decision. In its decision, the Court of Appeal found that the provisions at issue in the LOA were ambiguous, which required the trial court to consider and weigh the evidence of the parties’ intent in its interpretation of the provisions, which the trial court did not do.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (Continued)

Retiree Health Subsidy Freeze Litigation (Continued)

While the LAPPL Action I was pending on appeal, on August 10, 2017, the union filed LAPPL Action II.. The LAPPL Action II raises the same issues as the LAPPL Action I regarding the 2% contribution and the interpretation of the LOA, but also asserts a new breach of fiduciary duty claim against LAFPP, which preserves the union's rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the union lose in the pending LAPPL Action I. On July 3, 2018, the LAPPL filed a First Amended Complaint, asserting the same claims based on LAFPP's 2018 discretionary action in setting the subsidy. The union filed a Second Amended Complaint to add LAFPP's 2019 and 2020 discretionary actions in setting the subsidy. The union later sought to file a Third Amended Complaint to add LAFPP's 2021 discretionary actions in setting the subsidy, and on or around August 11, 2021, the parties stipulated to permit the union to file its Third Amended Complaint.

Upon remand of the LAPPL I Action back to the Superior Court, the case was reassigned to Judge Holly Fujie for further trial proceedings The City filed a motion to consolidate the two actions before Judge Fujie, which the Court granted. On September 30, 2019, Judge Fujie ordered that the case be heard in phases. In Phase One, the LOA interpretation issues common to LAPPL I and LAPPL II were to be heard in a bench trial. Upon resolution of Phase One, the Court will then address the residual fiduciary duty claims against LAFPP unique to LAPPL II.

On September 20 and 21, and October 28, 2021, Judge Fujie held a bench trial began in Phase One of the consolidated action. On May 2, 2022, Judge Fujie issued the trial court's Final Statement of Decision for Phase One in favor of the City on the LOA interpretation issues. On June 23, 2022 the union plaintiff appealed the trial court's Final Statement of Decision for Phase One. As of June 30, 2022 Phase One of the consolidated action is pending on appeal and Phase Two continues to be stayed pending the final resolution of Phase One.

Current Status of the Retiree Medical Subsidy

As a result of the outcome in the Fry Action, which concluded in the 2016-2017 fiscal year, LAFPP continues to provide a subsidy frozen at the 2011 levels to current and future retired members who chose not to "opt-in" and contribute an additional 2% of their salaries in order to avoid the consequences of the Freeze Ordinance.

With regard to the LAPPL Action I and LAPPL Action II, until a final judgment is rendered on the LOA issues, LAFPP will continue to abide by its fiduciary duty to follow LAAC § 4.1154(e) as written and to set and implement the retiree health insurance premium subsidy increases in the same manner as it did prior to the 2011 Freeze Ordinance for members who opted-in to pay the 2% contribution. This means that the LAFPP Board continues to exercise its discretion provided under the Los Angeles Administrative Code to set the subsidy up to and including the medical trend rate or 7%, whichever is lower, until the courts render final judgment.

NOTE 13 – RISKS AND UNCERTAINTIES

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and contributed to the deterioration and instability in financial markets. As a result, the Plan's investment portfolio has experienced volatility in fair market value. However, because the values of the Plan's investments have and will fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The value of the Plan's investments has a direct impact on its funded status. As a result of any declines in market value the Plan Sponsor may need to make greater cash contributions to fund the Plan in the future. However, the actual impact, if any, on future required contributions or Plan liquidity cannot be determined at this time.

NOTE 14 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 21, 2022, which is the date the financial statements were available to be issued and, no events have occurred that require consideration or adjustments in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABLITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	06/30/22	06/30/21	06/30/20	06/30/19	06/30/18
Total Pension Liability:					
Service Cost	$ 456,446	$ 455,362	$ 410,559	$ 402,708	$ 390,743
Interest	1,749,640	1,668,212	1,654,964	1,572,220	1,502,656
Benefit Payments	(1,244,736)	(1,186,963)	(1,121,252)	(1,070,456)	(994,800)
Experience Losses (Gains)	(214,833)	254,452	(23,348)	81,465	21,700
Assumption Changes	-	-	48,286	357,369	-
Benefit Changes	-	-	-	(79,650)	-
Other [(1)]	-	-	-	-	2,505
Net Change	746,517	1,191,063	969,209	1,263,656	922,804
Total Pension Liability at Beginning of Year	25,160,777	23,969,714	23,000,505	21,736,849	20,814,045
Total Pension Liability at End of Year (a)	$ 25,907,294	$ 25,160,777	$ 23,969,714	$ 23,000,505	$ 21,736,849
Fiduciary Net Position:					
Employer Contributions	$ 535,450	$ 543,819	$ 516,638	$ 504,877	$ 459,632
Member Contributions	149,243	157,786	153,787	147,753	145,112
Net Investment Income	(2,021,582)	6,972,104	606,244	1,218,138	1,892,870
Benefit Payments	(1,244,736)	(1,186,963)	(1,121,252)	(1,070,456)	(994,800)
Administrative Expenses	(22,146)	(21,372)	(20,685)	(20,244)	(19,908)
Other [(1)]	-	-	-	-	2,505
Net Change (Gain)	(2,603,771)	6,465,374	134,732	780,068	1,485,411
Fiduciary Net Position at Beginning of Year	27,862,307	21,396,933	21,262,201	20,482,133	18,996,722
Fiduciary Net Position at End of Year (b) [(2)]	$ 25,258,536	$ 27,862,307	$ 21,396,933	$ 21,262,201	$ 20,482,133
Net Pension Liability/(Asset) (a)-(b)	$ 648,758	$ (2,701,530)	$ 2,572,781	$ 1,738,304	$ 1,254,716
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.50%	110.74%	89.27%	92.44%	94.23%
Covered Employee Payroll	$ 1,598,685	$ 1,603,349	$ 1,509,613	$ 1,487,978	$ 1,451,996
Plan Net Position Liability as a Percentage of Covered Employee Payroll	40.58%	-168.49%	170.43%	116.82%	86.41%

Notes to Schedule:
GASB Statement No. 67 requires this information to be reported for 10 years. Additional years will be displayed as the information is available.

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer and employee contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police Officers who elected to join the System in Tier 6.

(2) Excludes the transfer of employer and employee contributions referenced in footnote (1).

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABLITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	06/30/17	06/30/16	06/30/15	06/30/14
Total Pension Liability:				
Service Cost	$ 367,600	$ 365,956	$ 368,700	$ 368,018
Interest	1,436,068	1,399,576	1,384,527	1,392,552
Benefit Payments	(930,078)	(990,363)	(918,909)	(858,986)
Experience Losses (Gains)	(320,404)	(595,188)	(310,882)	(234,638)
Assumption Changes	695,450	-	-	(69,482)
Benefit Changes	-	-	-	-
Other (1)	-	-	-	-
Net Change	1,248,636	179,981	523,436	597,464
Total Pension Liability at Beginning of Year	19,565,409	19,385,428	18,861,992	18,264,528
Total Pension Liability at End of Year (a)	$ 20,814,045	$ 19,565,409	$ 19,385,428	$ 18,861,992
Fiduciary Net Position:				
Employer Contributions	$ 454,309	$ 478,385	$ 480,332	$ 440,698
Member Contributions	128,900	129,734	126,771	124,395
Net Investment Income	2,260,130	159,313	686,470	2,617,090
Benefit Payments	(930,078)	(990,363)	(918,909)	(858,986)
Administrative Expenses	(20,816)	(19,346)	(17,815)	(13,865)
Other (1)	-	-	-	-
Net Change (Gain)	1,892,445	(242,277)	356,849	2,309,332
Fiduciary Net Position at Beginning of Year	17,104,277	17,346,554	16,989,705	14,680,373
Fiduciary Net Position at End of Year (b) (2)	$ 18,996,722	$ 17,104,277	$ 17,346,554	$ 16,989,705
Net Pension Liability/(Asset) (a)-(b)	$ 1,817,323	$ 2,461,132	$ 2,038,874	$ 1,872,287
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.27%	87.42%	89.48%	90.07%
Covered Employee Payroll	$ 1,397,245	$ 1,351,788	$ 1,316,969	$ 1,308,149
Plan Net Position Liability as a Percentage of Covered Employee Payroll	130.06%	182.06%	154.82%	143.12%

Notes to Schedule:
GASB Statement No. 67 requires this information to be reported for 10 years. Additional years will be displayed as the information is available.

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer and employee contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police Officers who elected to join the System in Tier 6.

(2) Excludes the transfer of employer and employee contributions referenced in footnote (1).

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
($ in Thousands)
(Unaudited)

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll [3]	Contribution as % of Payroll [1]
6/30/2022	$ 535,450	$ 535,450	-	$ 1,598,685	33%
6/30/2021	543,819	543,819	-	1,603,349	34%
6/30/2020	516,638	516,638	-	1,509,613	34%
6/30/2019	504,877	504,877	-	1,487,978	34%
6/30/2018	459,632 [2]	459,632 [2]	-	1,451,996	32%
6/30/2017	454,309	454,309	-	1,397,245	33%
6/30/2016	478,385	478,385	-	1,351,788	35%
6/30/2015	480,332	480,332	-	1,316,969	36%
6/30/2014	440,698	440,698	-	1,308,149	34%
6/30/2013	375,448	375,448	-	1,277,031	29%

Notes to Schedule:

(1) Contribution rate as a percentage of covered payroll reflects discount applied when the employer prepays its contributions. This rate has been "backed" into by dividing the actual contributions by the budgeted covered payroll.

(2) Amount excluded $1.3 million transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the Pension Plan in Tier 6.

(3) Covered payroll represents payroll on which contributions to the Pension Plan are based.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

The assumptions used in establishing the ADC for the year ended June 30, 2022 were based on the June 30, 2020 funding valuation.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial Cost Method	Entry Age Actuarial Cost Method.
Amortization Method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department, or Airport Department).
Remaining Amortization Period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Assumptions:	
June 30, 2020 Valuation	
Investment Rate of Return	7.00%, net of investment expenses
Inflation Rate	2.75%
Administrative Expenses:	Out of the total 1.40% of payroll in administrative expense, 1.29% of payroll payable biweekly is allocated to the Pension Plan. This is equal to 1.25% of payroll payable at beginning of the year.
Real Across-the-Board Salary	0.50%
Projected Salary Increases	Ranges from 4.15% to 12.25% based on years of service
Cost of Living Adjustments	2.75% of retirement income for all Tiers.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Gross of Investment Expense	-7.23%	32.56%	3.04%	6.21%	9.91%

	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Gross of Investment Expense	13.27%	1.18%	4.15%	17.85%

Notes to Schedule:

GASB Statement No. 67 requires this information be reported for 10 years. Additional years will be displayed as the information is available.

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2014 through 2022, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. Rates for the fiscal years 2014, 2016 and 2018 were updated from preliminary rates to final rates.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
PENSION PLAN
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
($ in Thousands)
(Unaudited)

Date	Discount Rate	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)	Funded Status (FNP/TPL)	Covered Payroll	NPL %Pay
6/30/2022	7.00%	$ 25,907,294	$ 25,258,536	$ 648,758	97.5%	$ 1,598,685	41%
6/30/2021	7.00%	25,160,777	27,862,307	(2,701,530)	110.7%	1,603,349	-168%
6/30/2020	7.00%	23,969,714	21,396,933	2,572,781	89.3%	1,509,613	170%
6/30/2019	7.25%	23,000,505	21,262,200	1,738,304	92.4%	1,487,978	117%
6/30/2018	7.25%	21,736,849	20,482,133	1,254,716	94.2%	1,451,996	86%
6/30/2017	7.25%	20,814,045	18,996,721	1,817,323	91.3%	1,397,245	130%
6/30/2016	7.50%	19,565,409	17,104,276	2,461,132	87.4%	1,351,788	182%
6/30/2015	7.50%	19,385,428	17,346,554	2,038,874	89.5%	1,316,969	155%
6/30/2014	7.50%	18,861,992	16,989,705	1,872,287	90.1%	1,308,149	143%
6/30/2013	7.75%	16,989,705	14,680,373	3,584,155	86.4%	1,277,031	281%

Notes to Schedule:

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
LIABLITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB Liability:				
Service Cost	$ 79,825	$ 80,618	$ 79,394	$ 74,090
Interest	266,036	260,018	263,088	260,513
Benefit Payments	(147,467)	(151,855)	(143,600)	(137,874)
Experience Losses (Gains)	(8,923)	8,191	(190,525)	(249,568)
Assumption Changes	(333,313)	(113,656)	80,297	85,911
Other [1]	-	-	-	-
Net Change	(143,842)	83,316	88,654	33,072
Total OPEB Liability at Beginning of Year	3,793,174	3,709,858	3,621,204	3,588,132
Total OPEB Liability at End of Year (a)	$ 3,649,332	$ 3,793,174	$ 3,709,858	$ 3,621,204
Fiduciary Net Position:				
Employer Contributions	$ 193,140	$ 200,425	$ 193,213	$ 188,020
Net Investment Income	(209,565)	698,434	58,101	111,188
Benefit Payments	(147,467)	(151,856)	(143,600)	(137,874)
Administrative Expenses	(2,296)	(2,141)	(1,982)	(1,856)
Other [1]	-	-	-	-
Net Change (Gain)	(166,188)	744,862	105,732	159,478
Fiduciary Net Position at Beginning of Year	2,888,310	2,143,448	2,037,716	1,878,238
Fiduciary Net Position at End of Year (b) [2]	$ 2,722,122	$ 2,888,310	$ 2,143,448	$ 2,037,716
Net OPEB Liability/(Asset) (a)-(b)	$ 927,210	$ 904,864	$ 1,566,410	$ 1,583,488
Plan fiduciary net position as a percentage of the total OPEB liability	74.59%	76.14%	57.78%	56.27%
Covered employee payroll	$ 1,598,865	$ 1,603,349	$ 1,509,613	$ 1,487,978
Plan net position liability as a percentage of covered employee payroll	58.00%	56.44%	103.76%	106.42%

Notes to Schedule:
GASB Statement No. 74 requires this information to be reported for 10 years. Additional years will be displayed as the information is available.

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

1) Includes employer contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the System in Tier 6.

2) Excludes the transfer of employer contributions referenced in footnote 1).

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS
LIABLITY AND RELATED RATIO
($ in Thousands)
(Unaudited)

	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability:			
Service Cost	$ 69,940	$ 65,407	$ 61,292
Interest	243,769	231,285	222,424
Benefit Payments	(130,722)	(122,561)	(116,678)
Experience Losses (Gains)	(16,532)	(144,022)	(50,071)
Assumption Changes	63,332	248,049	-
Other [1)]	517	-	-
Net Change	230,304	278,158	116,967
Total OPEB Liability at Beginning of Year	3,357,828	3,079,670	2,962,703
Total OPEB Liability at End of Year (a)	$ 3,588,132	$ 3,357,828	$ 3,079,670
Fiduciary Net Position:			
Employer Contributions	$ 178,462	$ 165,170	$ 150,315
Net Investment Income	166,040	189,420	12,771
Benefit Payments	(130,722)	(122,561)	(116,678)
Administrative Expenses	(1,745)	(1,747)	(1,551)
Other[1]	517	-	-
Net Change (Gain)	212,552	230,282	44,857
Fiduciary Net Position at Beginning of Year	1,665,686	1,435,404	1,390,547
Fiduciary Net Position at End of Year (b) [2)]	$ 1,878,238	$ 1,665,686	$ 1,435,404
Net OPEB Liability/(Asset) (a)-(b)	$ 1,709,894	$ 1,692,142	$ 1,644,266
Plan fiduciary net position as a percentage of the total OPEB liability	52.35%	49.61%	46.61%
Covered employee payroll	$ 1,451,996	$ 1,397,245	$ 1,351,788
Plan net position liability as a percentage of covered employee payroll	117.76%	121.11%	121.64%

Notes to Schedule:
GASB Statement No. 74 requires this information be reported for 10 years. Additional years will be displayed as the information is available.

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

(1) Includes employer contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police members who elected to join the System in Tier 6.

(2) Excludes the transfer of employer contributions referenced in footnote 1.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF EMPLOYER CONTRIBUTION
($ in Thousands)
(Unaudited)

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll [2]	Contribution as % of Payroll
2022	$ 193,140	$ 193,140	-	$ 1,598,685	12%
2021	200,425	200,425	-	1,603,349	13%
2020	193,213	193,213	-	1,509,613	13%
2019	188,020	188,020	-	1,487,978	13%
2018	178,462 [1]	178,462 [1]	-	1,451,996	12%
2017	165,170	165,170	-	1,397,245	12%
2016	150,315	150,315	-	1,351,788	11%
2015	148,477	148,477	-	1,316,969	11%
2014	138,107	138,107	-	1,308,149	11%
2013	132,939	132,939	-	1,277,031	10%

Notes to Schedule:

[1] Exclude the transfer of employer contributions for all new Airport Police members from the Los Angeles City Employees' Retirement System (LACERS) who elected to join the Pension Plan in Tier 6.

[2] Covered payroll represents payroll on which contributions to the Health Subsidy Plan are based.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS
(Unaudited)

Methods and assumptions used to establish "actuarially determined contribution" (ADC) rates:

The assumptions used in establishing the ADC for the year ended June 30, 2022 were based on the June 30, 2020 funding valuation.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry Age Actuarial Cost Method.
Amortization method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).
Remaining amortization period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset valuation method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
June 30, 2020 valuation	
Investment rate of return	7.00%, net of investment expenses
Inflation rate	2.75%
Administrative Expenses:	Out of the total 1.40% of payroll in administrative expense, 0.11% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.11% of payroll payable at beginning of the year.
Real across-the-board salary	0.50%
Projected salary increases	Ranges from 4.15% to 12.25% based on years of service
Other assumptions	Same as those used in the June 30, 2020 funding actuarial valuations.

See accompanying notes to required schedule and accompanying independent auditor's report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF INVESTMENT RETURNS
(Unaudited)

	2022	2021	2020	2019	2018
Annual Money-Weighted Rate of Return, Gross of Investment Expense	-7.23%	32.56%	3.04%	6.21%	9.91%

	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Gross of Investment Expense	13.27%	1.18%	4.15%	17.85%

Notes to Schedule:
GASB Statement No. 74 requires this information to be reported for 10 years. Additional years will be displayed as the information is available.

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2014 through 2022, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. Rates for the fiscal years 2014, 2016 and 2018 were updated from preliminary rates to final rates.

See accompanying notes to required schedule and accompanying independent auditor’s report.

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
REQUIRED SUPPLMENTARY INFORMATION
HEALTH SUBSIDY PLAN
SCHEDULE OF EMPLOYER'S NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY
($ in Thousands)
(Unaudited)

Date*	Discount Rate	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (NOL)	Funded Status (FNP/TOL)	Covered Payroll	NOL %Pay
6/30/2022	7.00%	$ 3,649,332	$ 2,722,122	$ 927,210	74.6%	$ 1,598,685	58%
6/30/2021	7.00%	3,793,174	2,888,310	904,864	76.1%	1,603,349	56%
6/30/2020	7.00%	3,709,858	2,143,448	1,566,410	57.8%	1,509,613	104%
6/30/2019	7.25%	3,621,204	2,037,716	1,583,488	56.3%	1,487,978	106%
6/30/2018	7.25%	3,588,132	1,878,237	1,709,895	52.3%	1,451,996	118%
6/30/2017	7.25%	3,357,828	1,665,686	1,692,142	49.6%	1,397,245	121%
6/30/2016	7.50%	3,079,670	1,435,404	1,644,266	46.6%	1,351,788	122%

Notes to Schedule:
GASB Statement No. 74 requires this information to be reported for 10 years. Additional years will be displayed as the information is available.

Fiduciary Net Position – The fiduciary net position is calculated based on financial information available to the actuary for the presentation of the actuarial valuation and does not include subsequent adjustments.

See accompanying notes to required schedule and accompanying independent auditor's report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Fire and Police Pension Commissioners
Los Angeles Fire and Police Pension System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2022, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements for each plan, and have issued our report thereon dated November 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
November 21, 2022


NELSON

SECTION 3
DEPARTMENT BUDGET

DEPARTMENT BUDGET

Receipts	Budgeted 2021-22	Actual 2021-22[5]
City Contribution	719,807,264	719,807,264
Special Fund (Harbor)	5,942,694	5,942,694
Special Fund (Airport)	2,839,999	2,839,999
Member Contributions[1]	165,516,117	149,243,422
Earnings on Investments	506,000,000	628,831,408
Gain (Loss) on Sale of Investments[2]	--------	1,871,090,295
Miscellaneous[3]	500,000	406,915
Total Receipts	1,400,606,074	3,378,161,997
Excess Benefit Plan[4]	2,191,000	2,191,000

[1] *Includes receipts from members for purchases of prior years' pension buybacks or overpayments.*

[2] *This amount does not include a $4,596,847,352 unrealized decrease in the value of investments as a result of the drop in the stock markets. If included, it would match the amount shown in the System's audited financial report of $(2,725,757,057) as Net Depreciation in Fair Value of Investments including Gain and Loss on Sale of Investments.*

[3] *Reflects miscellaneous receipts from various sources.*

[4] *Represents the City of Los Angeles General Fund contribution earmarked to pay excess benefits, including administrative costs, in compliance with IRC Section 415(b). As Excess Benefit Plan funds are not transferred to LAFPP, they are not included in the Total Receipts.*

[5] *Based on Audited Financial Statements, which are reported on an accrual basis. Totals may differ from General Manager's Monthly Reports, which are reported on a cash basis.*

Expenditures	Budgeted 2021-22	Actual 2021-22
Service Pensions	826,000,000	812,722,484
Service Pensions – DROP Distributions	137,300,000	169,219,886
Disability Pensions	113,000,000	108,038,891
Surviving Spouse/Domestic Partner Pensions	146,000,000	143,491,782
Minor/Dependent Child Pensions	3,400,000	3,789,205
Refund of Member Contributions	4,100,000	7,473,946
Health Insurance Premium Subsidy	142,000,000	128,039,576
Dental Insurance Premium Subsidy	5,000,000	4,665,922
Medicare Reimbursement	16,500,000	13,200,319
Health Insurance Premium Reimbursement	1,500,000	1,561,118
Investment Management Expense	126,402,428	134,628,549
Administrative Expense	25,538,810	24,441,834
Total Expenditures	1,546,741,238	1,551,273,512
Increase (Decrease) in Fund Balance	(146,135,164)	1,826,888,485

SUMMARY OF RECEIPTS

The Department receives revenue primarily from three sources: Employer Contributions (City, Harbor, and Airport), Member Contributions, and Investment Earnings. In 2021-22, the Department received total revenue of $3.38 billion[1], a decrease of $413.90 million, or 10.91%, from 2020-21. The change was primarily due to a decrease in the Gain (Loss) on Sale of Investments.

EMPLOYER CONTRIBUTIONS

Employer Contributions are based on the application of the actuary's computed rates for each tier to the budgeted sworn payroll. It is comprised of the City's General Fund contribution and Special Fund (Harbor and Airport Departments) contributions. In 2021-22, Employer Contributions, excluding funds for the Excess Benefit Plan, totaled $728.59 million, a decrease of $15.65 million, or 2.10%, from 2020-21.

MEMBER CONTRIBUTIONS

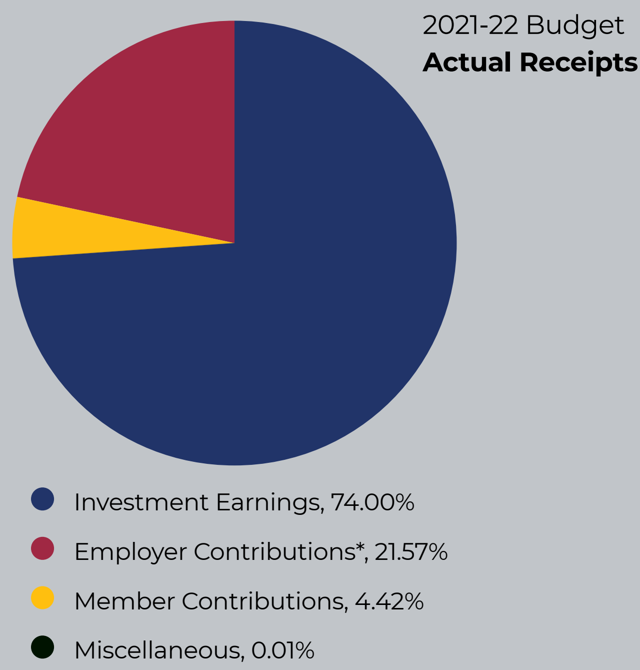
Member Contributions are calculated based on the contribution rate for a member's tier. These rates range from 8% to 9% of salaries for members in Tiers 3 through 5, while members in Tier 6 contribute 11% of salary. All remaining active Tier 2 members have completed at least 30 years of service and therefore no longer make pension contributions. In 2021-22, revenue received from Member Contributions was $149.24 million, a decrease of $8.54 million, or 5.41%, from 2020-21.

[1] *This does not include Excess Benefit Plan funds.*

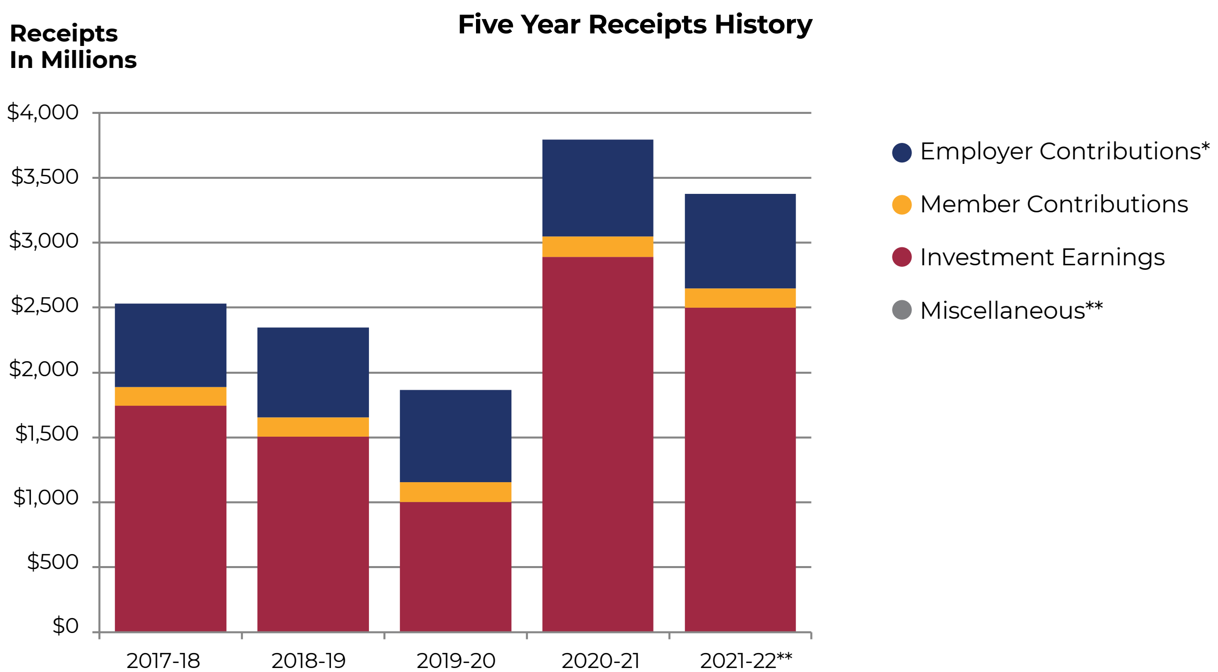
INVESTMENT EARNINGS

Investment Earnings consist of 'Earnings on investments' and 'Gain (Loss) on Sale of Investments'. In 2021-22, the Department received investment earnings of $2.50 billion, a decrease of $389.37 million, or 13.48%, from 2020-21.

- **Earnings on Investments** – includes real estate and private equity net cash, interest and dividends, and miscellaneous income. Earnings on Investments in 2021-22 were $628.83 million, an increase of $18.93 million, or 3.10%, from 2020-21.
- **Gain (Loss) on Sale of Investments** – includes actual cash receipts to the Pension System on the sale of investments. Gains or losses on the sale of investments are a function of how many transactions are performed by our investment advisors. In 2021-22, the Department received $1.87 billion in cash through these transactions, a decrease of $408.30 million, or 17.91%, from 2020-21.



** Excludes Excess Benefit Plan (EBP).*



** Excludes Excess Benefit Plan (EBP).*

***Miscellaneous receipts in 2021-22 were $0.41 million or 0.01% of Total Receipts.*

SUMMARY OF EXPENDITURES

The Department's expenses are divided into three categories: Pensions and Benefits, Investment Management, and Administrative Expenses. For 2021-22, expenses totaled $1.55 billion, an increase of $52.88 million, or 3.53%, from 2020-21.

PENSIONS AND BENEFITS EXPENSE

The Department's Pensions and Benefits Expense includes Service Pensions, Deferred Retirement Option Plan (DROP) Distributions, Disability Pensions, Surviving Spouse/ Domestic Partner Pensions, Minor/Dependent Child Pensions, Refund of Member Contributions, and health benefit-related expenses. In 2021-22, Pensions and Benefits Expenses were $1.39 billion, which represented 89.75% of total expenses and an increase of $53.39 million, or 3.99%, from 2020-21. The increase in Pensions and Benefits Expenses can be largely attributed to a $42.01 million increase in Service Pensions, a $12.76 million increase in DROP Distributions, a $3.12 million increase for the Surviving Spouse/ Domestic Partner Pensions, and a $2.92 million increase in Refund of Member Contributions.

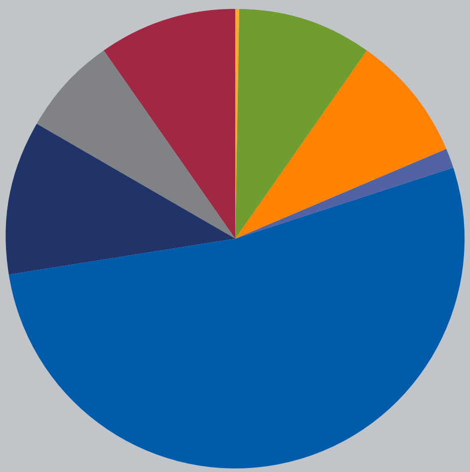
INVESTMENT MANAGEMENT EXPENSE

In 2021-22, the Investment Management Expense was $134.63 million, which represented 8.68% of total expenses and a decrease of $1.44 million, or 1.06%, from 2020-21. Actual payments to investment managers depend on the amount of assets under management, portfolio performance, the period in which the fee is calculated, and the terms and conditions of the individual contracts as approved by the Board.

ADMINISTRATIVE EXPENSE

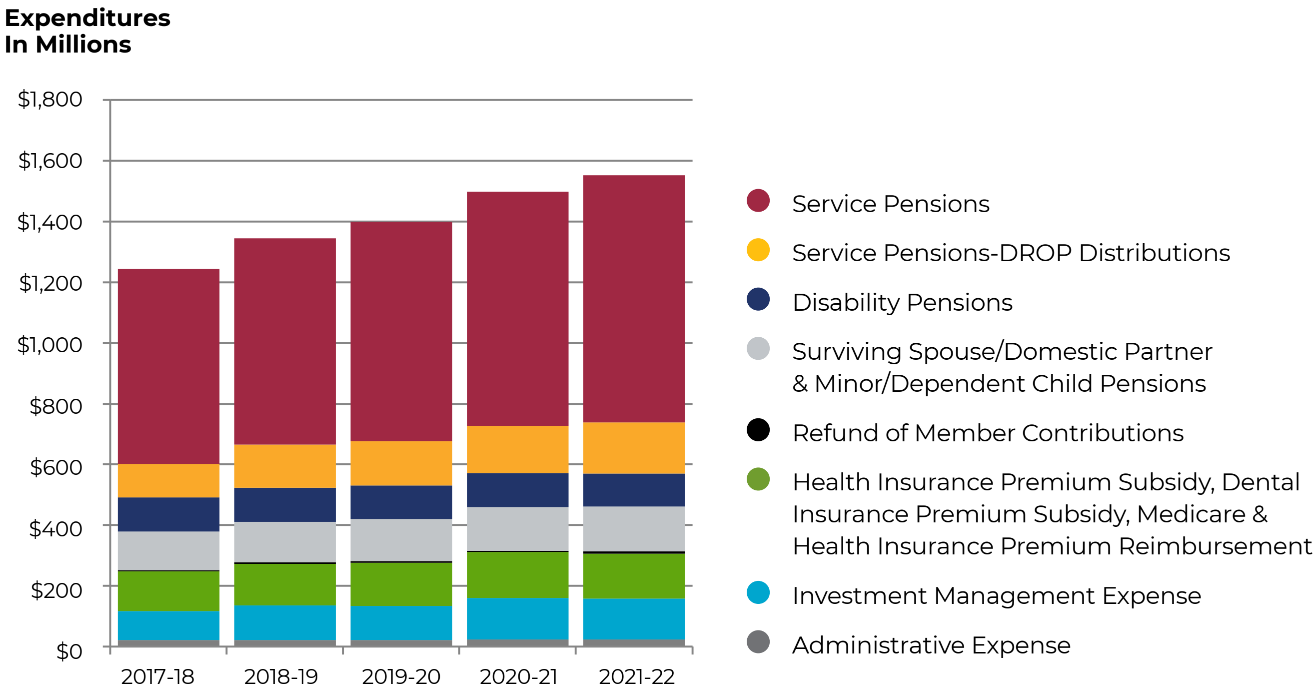
Administrative Expense includes staff salaries and benefits, and operating costs. In 2021-22, the Department's Administrative Expense was $24.44 million, which represented 1.58% of the total expenses and an increase of $0.93 million, or 3.95%, from 2020-21. The Detail of Administrative Expense is provided on page 88.

2021-22 Budget
Actual Expenditures



- Service Pensions, 52.39%
- Service Pensions-DROP Distributions, 10.91%
- Disability Pensions, 6.96%
- Surviving Spouse/Domestic Partner & Minor/Dependent Child Pensions, 9.49%
- Refund of Member Contributions, 0.48%
- Health Insurance Premium Subsidy, Dental Insurance Premium Subsidy, Medicare & Health Insurance Premium Reimbursement, 9.51%
- Investment Management Expense, 8.68%
- Administrative Expense, 1.58%

Five-Year Expenditures History



DETAIL OF ADMINISTRATIVE EXPENSE

Administrative Expense includes staff salaries and benefits, and operating costs (including office and technical equipment).

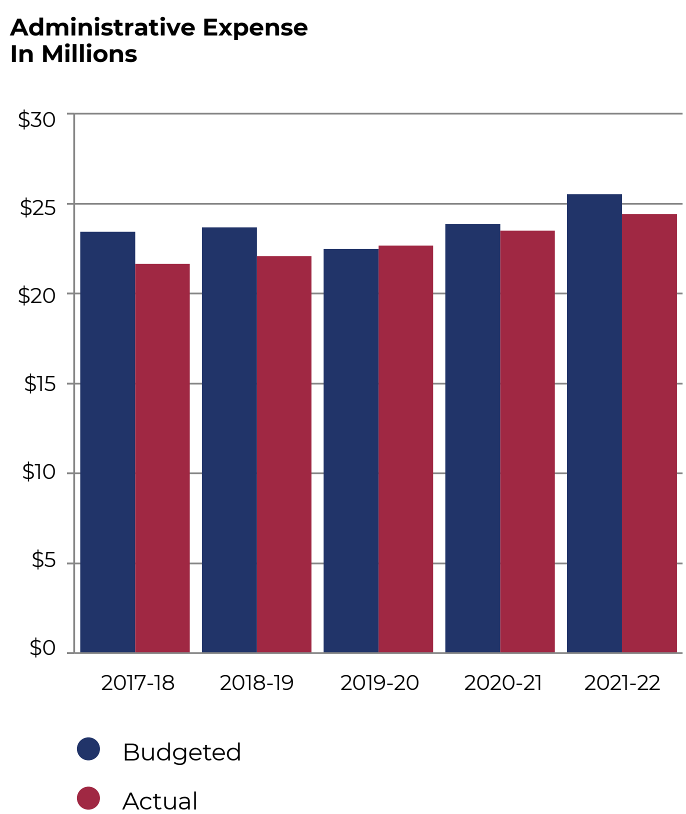
SALARIES AND RELATED COSTS

Salaries and related costs comprised 77.11% of the total Administrative Expense in 2021-22, with a total of $18.85 million expended (an increase of $0.92 million or 5.15% from 2020-21). The increase is largely attributed to an increase to the employer cost for staff retirement benefits and City-negotiated salary increases.

OPERATING COSTS

Operating costs comprised 22.89% of the total Administrative Expense in 2021-22, with a total of $5.59 million expended (a minor increase of $5.58 thousand or 0.10% from 2020-21). The minor increase in operating costs is a result of growing contractual expenses and office and administrative expense costs, offset by a reduction in one-time furniture and technical equipment costs.

Five-Year Administrative Expense History



SECTION 4
INVESTMENTS

INVESTMENT STATEMENT

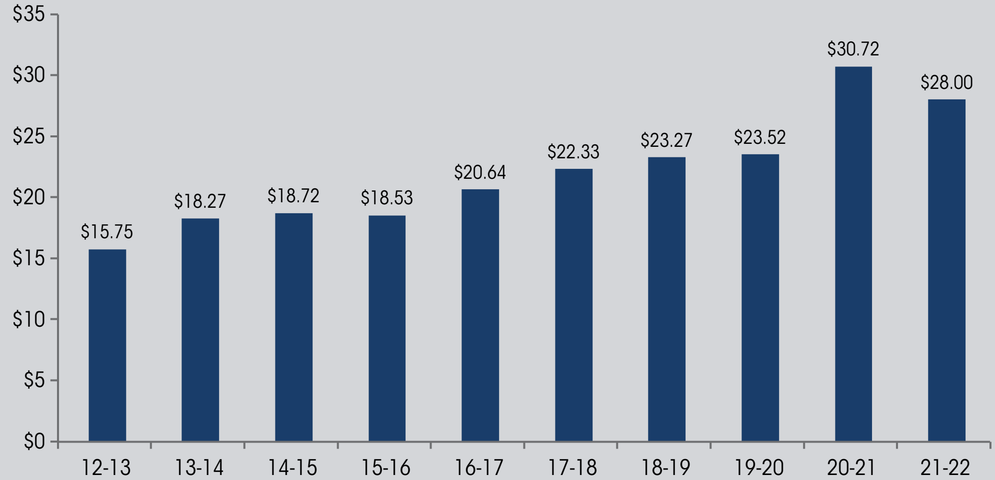
The main goal of the Los Angeles Fire and Police Pension Plan's (System, Fund, or Plan) investment program is to manage the System's assets to be able to provide the retirement benefits promised to the System's members and their beneficiaries. The Charter of the City of Los Angeles created the System, and it delegates control and management of the System to the Board of Fire and Police Pension Commissioners (Board). Article XI, Section 1106 of the City Charter grants the Board sole and exclusive fiduciary responsibility for administering the System and specifies the Board's powers and duties, which includes the power to adopt any rules, regulations or forms necessary to carry out its administration of the System and the assets under its control.

The Board has adopted Investment Policies to assist and guide it in managing the System's assets. The Investment Policies assist the Board in effectively supervising and monitoring the System's investments by providing the goals of the investment program, the policies and procedures for the management of the investments, specific asset allocations and minimum diversification requirements, performance objectives and criteria for investment performance evaluation, and oversight standards for the parties responsible for carrying out the Investment Policies. The Investment Policies are reviewed by the Board at least annually and are revised as needed. The Policies are available at www.lafpp.com/investment-policies.

The single most important decision the Board can make in the management of the investment program is the determination of the System's asset allocation. The allocation of the System's assets among various asset classes influences both the expected investment return and the amount of investment risk undertaken. The asset allocation employed in 2021-22 was approved by the Board on August 20, 2020, and while the asset allocation was not changed, the fixed income asset class structure was updated on December 2, 2021. It is available in Appendix 1 of Section 1.0 of the Investment Policies; it is also illustrated and discussed later in this Section under *Asset Allocation Decisions*.

For the five-year period that ended June 30, 2022, the System's total assets increased by $7.36 billion to approximately $28.00 billion. For the one-year period that ended June 30, 2022, the System's total assets decreased by $2.72 billion.

Market Value Growth of System Assets[1]
(in billions)



[1] *Based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.*

INVESTMENT ENVIRONMENT

Following a strong equity market recovery in 2021, 2022 was a reversal of economic conditions led by quantitative tightening, rising inflation, and the war in Ukraine. The primary tool utilized by the U.S. Federal Reserve Bank was to increase federal funds rates, which in turn would increase interest rates throughout the economy, with the intention of dampening demand, lowering liquidity, and lowering inflation. Rising interest rates, combined with elevated inflation, were a detractor to equity and fixed income investments. While the Fed increased interest rates, additional factors contributed to increases in inflation. Most notably, the zero-COVID policy enacted by China continued to cause inventory disruptions to the global supply chain. Russia's invasion of Ukraine added geopolitical stress to the international markets. Russia's control of the natural gas supply has stressed the European consumer as well as global oil prices.

For the fiscal year ended June 30, 2022, the national unemployment rate decreased from 5.9% in June 2021 to 3.6% in June 2022. The real Gross Domestic Product (GDP) for this period increased 1.8% while the Consumer Price Index (CPI) rose 9.1%. Beginning in March 2022, the Federal Reserve increased the federal funds target rate by 25 basis points in March, 50 basis points in May, and 75 basis points in June to counteract rising inflation. Discussions of additional rate increases were not off the table as more

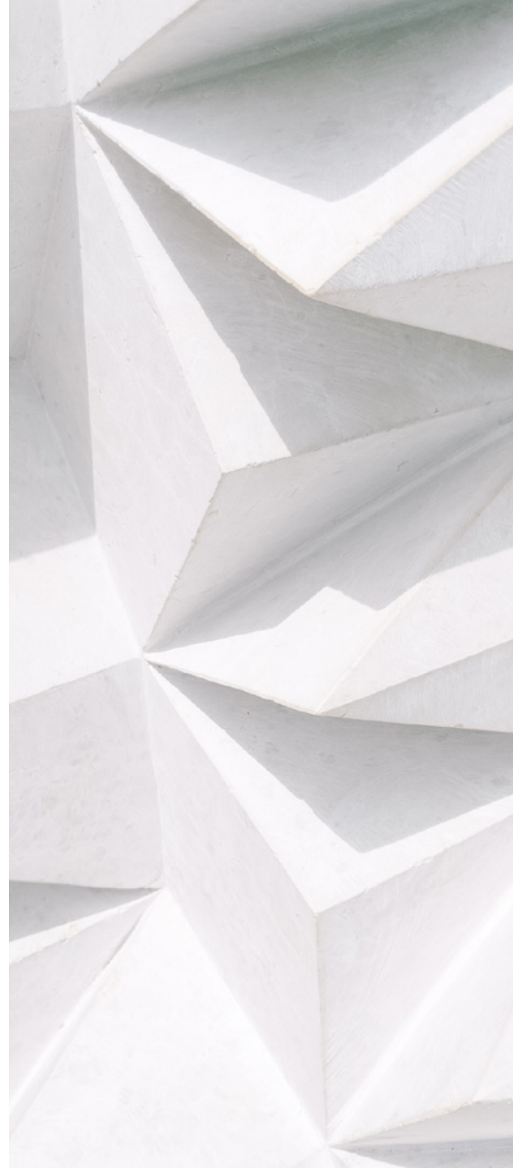
INVESTMENT ENVIRONMENT, CONT.

rate hikes were scheduled for July and September 2022. The Fed Funds target range at the end of the fiscal year was 1.5%-1.75%, compared to 0%-0.25% in March 2020.

The 6-month Treasury bill rate, a measure of short-term interest rates, increased from 0.06% in June 2021 to 2.44% in June 2022. The U.S. 10-year Treasury yield, which is less affected by the federal funds rate and influenced by other factors such as future growth projections, expectations of the Federal Reserve rate decisions, and geopolitical situations, increased from 1.45% in June 2021 to 2.98% in June 2022.

Global equity markets ended calendar year 2021 strong with U.S., international developed, and emerging markets all rebounding from the lows created by the pandemic. However, weaknesses started to appear towards the beginning of 2022, and accelerated into the end of the fiscal year. With a majority of the market weakness being driven by macroeconomic factors like inflation, interest rates, and geopolitical issues, the market has yet to see fundamental deterioration in earnings. Additionally, the U.S. consumer remains somewhat resilient as unemployment remains historically low.

Fiscal year 2021-2022 can be characterized as a tale of two halves. The last 6 months of 2021 was a continuation of the post-COVID economic recovery supported by fiscal and monetary accommodations. The first 6 months of 2022 was dealing with the aftereffects of excess monetary and fiscal stimulus during the COVID pandemic. Most notably, equities and fixed income investments both lost more than 10% for the year, which is rare for fixed income. Investors usually rely on fixed income securities to provide protection against equity volatility. For the year ending June 30, 2022, the Standard & Poor's (S&P) 500 index recorded a return of -10.62%, while the MSCI EAFE (Europe, Australasia and Far East) and MSCI Emerging Markets indices returned -17.77% and -25.28%, respectively. The U.S. bond market (Bloomberg US Universal Bond Index) returned -10.29% and the real estate market as measured by the NCREIF NFI-ODCE (National Council of Real Estate Investment Fiduciaries) Open End Diversified Core Equity returned 29.51% (gross).



INVESTMENT PERFORMANCE

The investment objective of the total Fund over a full market cycle (usually five to seven years) is to earn a return on investments matching or exceeding the actuarial assumed rate of return of 7.00% and investment performance above the median of a sampling of public funds.

Over the past five years the System experienced annualized returns of 8.14%, exceeding the RVK Public Funds median return of 6.44%. For the one-year and three-year periods, the System's overall investment returns were -7.23% and 8.21%, respectively.

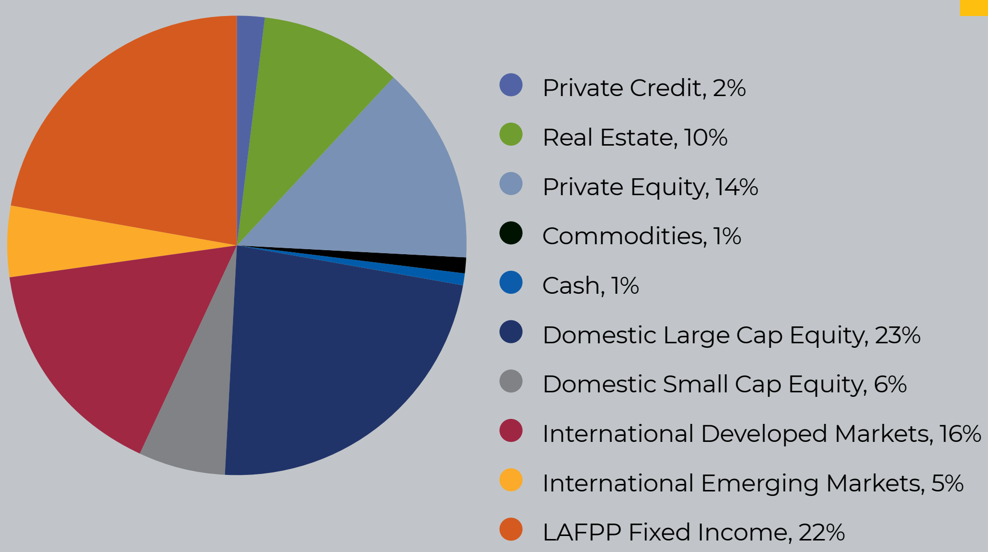
According to the RVK Public Fund, which analyzes more than 70 funds to compare asset allocation performance and actuarial comparative data, the System's Fund was ranked in the 25th percentile of the RVK universe for the one-year period, the 9th percentile for the three-year period, and the 8th percentile for both the five- and seven-year periods ending June 30, 2022.

The System's top performers during this past year were its private equity and real estate portfolios, which generated returns of 14.49% and 6.56%, respectively. The international equity composite portfolio was the Fund's worst performer at -22.30%.

ASSET ALLOCATION DECISIONS

Our asset allocation plan establishes the blueprint for investing the System's assets in stocks, bonds, real estate, and cash equivalents over a three to five-year period. This plan is the single most important factor in managing risk and achieving the investment returns necessary to fund benefits.

The Board's Asset Allocation Targets
as of June 30, 2022



The actual asset class percentages of the System will vary from target allocations due to inflows (such as employer and member contributions), outflows (such as pension payments), and the movements of the securities markets. Assets are periodically rebalanced to adjust for these movements.

ASSET ALLOCATION DECISIONS, CONT.

Net Asset Values as of June 30, 2022		
Asset Class	**Market Value (in millions)**	**Percent**
Domestic Stocks	$ 7,751	27.69%
International Stocks	4,947	17.67%
Bonds	5,592	19.97%
Private Equity	4,859	17.36%
Real Estate	3,708	13.25%
Commodities	503	1.80%
Cash Equivalents	635	2.27%
Total	**$ 27,996**	**100.00%**

INVESTMENT ACTIVITIES

Over the course of this year, the Fund initiated the implementation of the new asset allocation consistent with Board decisions, resulting in some turnover among its investment managers. Bridgewater Associates' (Fixed Income) contract was terminated and no new managers were hired. Several of the Fund's existing manager contracts were renewed. Managers that were rehired include:

- LM Capital Group, LLC, an active core-plus fixed income manager
- Loomis, Sayles & Co., LP, an active long duration fixed income manager
- Boston Common Asset Management, an active international equity manager
- Channing Capital Management, LLC, an active domestic small cap value equity manager
- Frontier Capital Management Co., LLC, an active domestic small cap equity manager
- PHOCAS Financial Corp., an active domestic small cap equity manager
- GIA Partners, LLC, an active core-plus fixed income manager
- Semper Capital Management, LP, an active mortgage-backed securities fixed income manager
- Reams Asset Management Company, an active core-plus fixed income manager
- Northern Trust Investments, a passive core bond index fixed income manager
- Dimensional Fund Advisors, LP, an active international emerging markets manager
- AllianceBernstein, LP, a passive domestic small cap core equity manager
- Pacific Investment Management Company, an active domestic small cap core equity manager

- Palisade Capital Management, LLC, an active domestic small cap core equity manager
- Portfolio Advisors, private equity partnerships
- Brandes Investment Partners International, LP, an active international large cap value equity manager

The System's assets are managed by both active and passive investment managers. The active managers are hired to outperform a market index. The passive managers are hired to match the performance of certain investment indices, and they include the domestic public equity S&P 500 and 600 indices, the Russell 1000 Growth index, the international public equity MSCI EAFE index, the fixed income Bloomberg Barclays U.S. Aggregate index, the Bloomberg Barclays U.S. Government Inflation Linked Bond index, the commodity related public equity S&P Global Natural Resources index and five other related indices, and the FTSE EPRA/NAREIT Developed index, a real estate investment trust index. A list of the System's managers is provided at the end of this section.

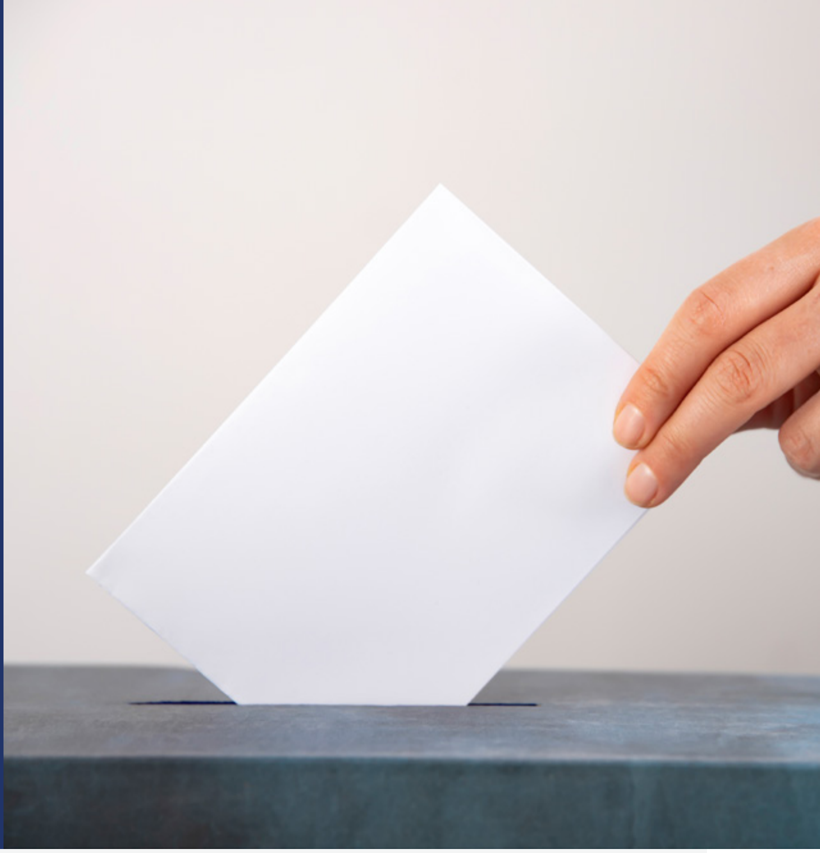
EMERGING AND DIVERSE MANAGER PROGRAM

LAFPP's Emerging and Diverse Manager Program began with the goal of providing access to investment managers who may not have access to institutional investors because of their size and/or experience as a firm. The Board believes that newer and/or smaller firms are able to produce competitive investment returns for the Plan. Over the years, LAFPP has extended its outreach criteria to include firms owned by minorities, women, persons with disabilities, U.S. military veterans, and/or Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) individuals. The Emerging Manager Program seeks to remove barriers to the hiring of successful smaller and less established firms.

The System has had an Emerging Manager Program since 1987. LM Capital Group, LLC (an opportunistic fixed income manager first hired in 1997) is an example of a former emerging manager that is now one of our core managers. LM "graduated" long ago from emerging manager status and continues to manage money for the System. The current program includes two direct fixed income emerging managers, and five direct domestic equity emerging managers. The System also has a Specialized Manager Program as part of the private equity allocation. This program is focused on attracting private equity funds that are first, second, or third-time funds and have a fund size of approximately $500 million or less. Additionally, the focus is on funds that include minority, woman, LGBTQ, persons with disabilities, or U.S. military veteran ownership, investments in underserved areas, or investments in California or Los Angeles. Two consultants, Portfolio Advisors and Fairview Capital, were tasked with managing this successful program.

PROXY VOTING

The System votes all domestic proxy ballots using a voting firm, while the international equities managers vote the proxies for their portfolios in accordance with the Board's proxy guidelines. The Board has a comprehensive proxy voting policy, which can be found in the Board's Investment Policies. Recent changes to the proxy voting policies include diversity, equity and inclusion efforts.



Total Fund Returns as of June 30, 2022	
1 Year	-7.23%
3 Years	8.21%
5 Years	8.14%
10 Years	8.93%
15 Years	6.41%
20 Years	7.92%
25 Years	7.45%
30 Years	8.41%

Assumed vs. Actual Rate of Return: Last Ten Years

Fiscal Year	Assumed Rate	Actual Rate[1]
12-13	7.75%	13.01%
13-14	7.75%	17.85%
14-15	7.50%	4.15%
15-16	7.50%	1.18%
16-17	7.50%	13.27%
17-18	7.25%	9.91%
18-19	7.25%	6.21%
19-20	7.25%	3.04%
20-21	7.00%	32.56%
21-22	7.00%	-7.23%

[1] Based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.

Annual Rates of Return[1] Last Ten Years									
Fiscal Year	Domestic Equities	International Equities	Fixed Income	Real Estate	Private Equity	Hedge Funds	Commodities	Total Fund[2]	CPI[3]
12-13	23.06%	14.64%	0.18%	11.00%	13.79%	9.47%	–	13.01%	1.80%
13-14	24.76%	22.78%	6.80%	12.93%	21.92%	–	–	17.85%	2.10%
14-15	7.36%	-2.14%	1.20%	11.41%	12.51%	–	-13.19%	4.15%	0.12%
15-16	-0.32%	-8.54%	6.40%	13.80%	5.31%	–	-6.19%	1.18%	1.01%
16-17	19.30%	22.90%	2.09%	5.19%	16.52%	–	7.99%	13.27%	1.60%
17-18	16.38%	8.11%	1.18%	5.50%	18.65%	–	13.02%	9.91%	2.87%
18-19	6.88%	0.32%	7.84%	9.83%	14.85%	–	-1.85%	6.21%	1.6%
19-20	4.79%	-3.84%	10.26%	-2.98%	7.39%	–	-11.82%	3.04%	0.6%
20-21	46.54%	40.00%	4.60%	18.46%	55.71%	–	52.44%	32.56%	5.4%
21-22	-12.64%	-22.30%	-9.07%	6.56%	14.49%	–	-2.83%	-7.23%	9.1%

[1] Based on the most recent final valuations of each fiscal year and supersedes earlier annual report exhibits.

[2] Total Fund includes Short-Term Investments.

[3] CPI is for the U.S. for the year ending June 30.

Changes in Asset Mix Last Ten Years								
Fiscal Year	Domestic Stocks	International Stocks	Bonds	Real Estate	Private Equity	Hedge Funds	Commodities	Short-Term Investments
12-13	37.75%	19.54%	20.60%	8.30%	8.30%	3.50%	–	2.00%
13-14	36.46%	21.41%	19.70%	9.80%	8.20%	–	1.00%	3.40%
14-15	33.76%	21.05%	21.70%	10.30%	8.70%	–	2.80%	1.70%
15-16	31.96%	19.29%	22.90%	10.80%	9.30%	–	3.90%	1.80%
16-17	32.70%	20.77%	20.40%	9.70%	9.40%	–	4.20%	2.80%
17-18	32.64%	20.36%	19.53%	8.37%	9.90%	–	4.65%	4.55%
18-19	31.54%	20.03%	20.95%	8.54%	10.52%	–	4.35%	4.08%
19-20	32.63%	18.13%	22.54%	8.02%	11.68%	–	3.99%	3.01%
20-21	34.20%	19.10%	17.64%	7.62%	13.53%	–	3.67%	4.24%
21-22	27.69%	17.67%	19.97%	13.25%	17.36%	–	1.80%	2.27%

INVESTMENT ADVISORS

STOCK MANAGERS
AllianceBernstein
Boston Partners
Channing Capital Management
Denali Advisors
Eastern Shore Capital
Frontier Capital Management
Lisanti Capital
Northern Trust Investments
Palisade Capital Management
PHOCAS Financial
PIMCO
Westwood Management

INTERNATIONAL STOCK MANAGERS
Baillie Gifford
BlackRock
Boston Common Asset Management
Brandes Investment Partners
Dimensional Fund Advisors
Harding Loevner
Principal Global Investors
Victory Capital Management

BOND MANAGERS
GIA Partners
LM Capital Group
Loomis Sayles & Company
MacKay Shields
Northern Trust Investments
Payden & Rygel
Reams Asset Management
Semper Capital Management

SEPARATE ACCOUNT REAL ESTATE MANAGER
AEW Capital Management

REIT MANAGERS
AllianceBernstein
Cohen & Steers
Principal Global Investors

COMMODITIES MANAGERS
AllianceBernstein
Portfolio Advisors

PRIVATE EQUITY CONSULTANTS
Fairview Capital Partners, Inc.
Portfolio Advisors

REAL ESTATE CONSULTANT
The Townsend Group

GENERAL CONSULTANT
RVK, Inc.

SECTION 5
ACTUARIAL

The purpose of an actuarial valuation is to determine the funding progress and the contribution requirements of a retirement plan at a specific point in time. The System conducts two studies annually for the fiscal year ending June 30: one study evaluates the ratio of assets to liabilities for pension benefits for members and their beneficiaries; the other study evaluates the same ratio for health insurance premium subsidy benefits. The studies establish the funding status of the System and determine the annual contribution requirements to fund the benefits.

FUNDING STATUS

The funded status of the System is examined over a span of several years to determine if progress is made. When the assets equal or exceed the liabilities, the Plan is funded at 100% or more and is considered fully funded; otherwise, it is underfunded.

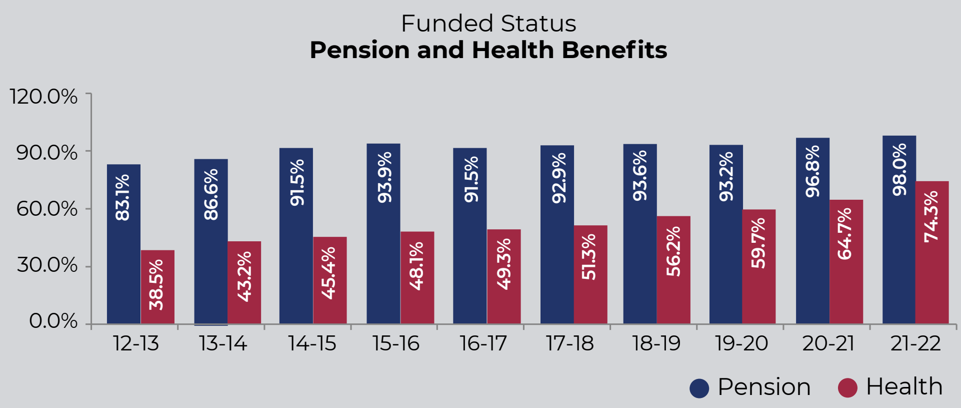
PENSION BENEFITS

A 10-year history of the System's funded status for pension benefits is provided below. Although the funding ratios decreased due to the investment losses sustained in the 2008-2009 Great Recession, the results of the actuarial studies since that period reflect improved, stable funding progress overall.

As of June 30, 2022, the funded status for pension benefits is 98.0%, an increase of 1.2% from the prior year. The increase in the funded ratio was primarily the result of lower than expected salary increases for continuing active members and actual employer contributions greater than expected, partially offset by higher than expected Cost of Living Adjustment (COLA) increases for retirees and beneficiaries, and other experience losses. Details on the determination of the actuarial value of assets for the year are available in Section 2 of the June 30, 2022 Actuarial Valuation and Review of Retirement Benefits.

HEALTH INSURANCE PREMIUM SUBSIDY BENEFITS

The System began pre-funding health insurance premium subsidy benefits in 1989. A 10-year history of the System's funded status for health benefits is included in the chart below. As of June 30, 2022, the funding status of health benefits increased from 64.7% to 74.3%, an increase of 9.6%, primarily because, on average, health premiums and subsidies were lower than projected for 2022-2023. Details on the factors which contributed to the increased funding status are available in Section 2 of the June 30, 2022 Actuarial Valuation and Review of Other Postemployment Benefits.



HOW A VALUATION IS CONDUCTED

In accordance with the Board's actuarial funding policy, the Entry Age Normal Cost is the actuarial funding method used to determine the contribution requirements to fund the benefits. To determine the cost of benefits, an actuarial valuation takes into consideration the Plan's provisions, participant data, and various actuarial assumptions.

ACTUARIAL ASSUMPTIONS

The System's actuary recommends assumptions – both demographic and economic – based on the Plan's actual experience, economic forecasts, and other factors. The Board adopts these assumptions in consultation with the actuary. Demographic assumptions explore the probabilities of when and how long members will receive the various types of benefits, e.g., the likelihood of retirement, disability, and death. Economic assumptions are based on factors that affect the value of benefits or the value of a plan's assets, e.g., inflation, rate of salary increases, and assumed investment return.

Every three years, the assumptions are examined to determine if any adjustments are necessary for future valuations. Examples of assumptions used for the valuation period ending June 30, 2022 are provided on the following page.

Average Life Expectancy for Pensioners (Age = 65)	
Service Retiree	21.7 years*
Disabled Retiree	20.1 years*
Surviving Spouse/ Domestic Partner	23.3 years**

**The average is calculated based on a proportion of 90% male and 10% female in the current retiree population.*

***The average is calculated based on a proportion of 5% male and 95% female in the current beneficiary population.*

Rate of Inflation	
Annual increase in the Consumer Price Index	2.75%

Rate of Salary Increases	
Inflation at 2.75% per year; plus 0.50% "across the board" increases; plus the following Merit and Promotion increases based on years of service.	
Years of Service	**Additional Salary Increase**
Less than 1	9.00%
1 - 2	7.50%
2 - 3	6.50%
3 - 4	5.50%
4 - 5	4.00%
5 - 6	2.60%
6 - 7	2.20%
7 - 8	2.00%
8 - 9	2.00%
9 - 10	2.00%
10 - 11	1.90%
11 - 12	1.80%
12 - 13	1.70%
13 - 14	1.60%
14 - 15	1.50%
15 - 16	1.40%
16 - 17	1.30%
17 - 18	1.20%
18 - 19	1.20%
19 - 20	1.10%
20 - 25	1.00%
25 & Over	0.90%

Investment Rate of Return	
Inflation	2.75%
Plus Portfolio Real Rate of Return	4.99%
Less Expense Adjustment	(0.40%)
Less Risk Adjustment	(0.34%)
Net Investment Return*	**7.00%**

**Net of Investment Expenses Only*

The investment return assumption is comprised of two primary components: inflation and real rate of investment return, adjusted for expenses and risk.

PENSION BENEFIT BALANCE SHEET

Cost of living adjustments and individual salary assumptions are used to project the dollar amount of benefits to be paid. The total liability is then reduced to today's dollar terms using the investment rate of return assumption. Once the liabilities of the System are computed, the valuation study projects the member and employer contributions expected to be received using the individual salary increase assumptions. The contributions are then reduced to today's dollar terms using the investment rate of return assumption.

The projected future contributions are considered assets of the System, along with assets currently invested by the System. For purposes of determining the contributions to the System, any investment gains and losses established after July 1, 2008 will be recognized over a seven-year period and the actuarial value of assets will be further adjusted, if necessary, to be within 40% of the market value of assets.

The Actuarial Balance Sheet comparing the System's assets and liabilities as of June 30, 2022 is available on page 107.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

An Unfunded Actuarial Accrued Liability (UAAL) of a retirement system occurs when a system's actuarial liability is greater than the actuarial value of its assets, yielding a funded ratio less than 100%. As of June 30, 2022, the Actuarial Balance Sheet on page 107 shows the UAAL for pension benefits for all tiers to be approximately $524 million. The UAAL for health insurance premium subsidy benefits for all tiers is approximately $939 million.

Numerous variables, including pension benefit increases and actuarial losses, generate or increase the UAAL. Actuarial gains or losses arise from differences between the actual experience of a pension system and the actuarial assumptions used to project the system's funding requirements. An example would be if combined members' salaries increased more than what was assumed.

The gains and losses reflected in the UAAL must be amortized over a period of time in accordance with the Board's Actuarial Funding Policy and are a key component in determining the City's required contribution to the System each year.

EMPLOYER CONTRIBUTION REQUIREMENTS CALCULATION

The City's General Fund, Harbor Department, and Airport Department's contributions to the System are composed of two parts: (1) the Entry Age Normal Cost; and (2) the contribution to amortize the unfunded liability.

ENTRY AGE NORMAL COST

The Entry Age Normal Cost contribution is the amount the employer would contribute for a hypothetical new entrant into the System. This amount would theoretically be sufficient to fully fund a member's retirement benefit on the date of retirement if all assumptions were realized and no benefit changes were made.

AMORTIZATION OF THE UAAL

In March 2011, voters approved a Charter amendment that allows the Board to set the funding policy, consistent with its plenary authority to administer the System. Prior to this, the amortization policy was prescribed in the City Charter. Since then, the funding policy has been revised periodically by the Board. The current funding policy may be found at www.lafpp.com/policies.

Under the current policy, the entire amount of the annual UAAL contributions required to be made by the City, Harbor Department, and Airport Department for each tier, is determined in proportion to the covered payroll for that tier. The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department, or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all tiers and divided by the total covered payroll for the respective employer. As Tier 1 does not have any active members, there are no UAAL contributions collected. For all other tiers, it is amortized as a level percent of payroll. Actuarial gains or losses are amortized over 20 years; changes in actuarial assumptions and cost methods are amortized over 20 years; and Plan amendments are amortized over 15 years. In the event of an actuarial surplus, 30-year amortization is used.

With this information, the actuary computes the employer contribution requirements for pension benefits.

Employer Normal Cost Pension Contribution Requirements 2023-24*
(as a percentage of Plan member salaries)

Tier 1	N/A
Tier 2	24.78%
Tier 3	18.72%
Tier 4	19.85%
Tier 5	21.38%
Tier 6	17.67%
Harbor Port Police – Tier 5	21.56%
Harbor Port Police – Tier 6	16.90%
Airport Police – Tier 6	17.80%

**Contributions to be made on July 15, 2023.*

Unfunded Liability Pension Contribution Requirements 2023-24*	
Tier 1	N/A
Tier 2	8.79% of total payroll of Tiers 2 – 6**
Tier 3	8.79% of total payroll of Tiers 2 – 6**
Tier 4	8.79% of total payroll of Tiers 2 – 6**
Tier 5	8.79% of Tier 5 payroll**
Tier 6	8.79% of Tier 6 payroll**
Harbor Port Police – Tier 5	-0.08% of Tier 5 payroll***
Harbor Port Police – Tier 6	-0.08% of Tier 6 payroll***
Airport Police – Tier 6	-0.14% of payroll****

**Contributions to be made on July 15, 2023.*

*** Excluding the Harbor & Airport Departments.*

**** Excluding the City & Airport Department.*

***** Excluding the City & Harbor Department.*

HEALTH INSURANCE PREMIUM SUBSIDY VALUATION

The health insurance premium subsidy valuation utilizes the same actuarial assumptions as the pension benefits valuation, with the addition of medical inflation and other health benefit-specific assumptions. Medical costs continue to increase at a faster pace than general inflation. Assumptions in the June 30, 2022 actuarial valuation included medical trend rate increases of 7.25% for non-Medicare premiums and 6.50% for Medicare premiums in Fiscal Year 2022-23, then decreasing by 0.25% each year for eleven years for non-Medicare premiums and eight years for Medicare premiums, until both reach an ultimate rate of 4.50%. Using the same actuarial methods for pension benefits, the Actuarial Balance Sheet for health insurance premium subsidy benefits is shown on page 107. The contributions to fund the health insurance premium subsidy benefits are are found on the next page.

Health Insurance Premium Subsidy Contribution Requirements 2023-24* (as a percentage of Plan member salaries)	
Tier 1	N/A
Tier 2	8.39%
Tier 3	9.89%
Tier 4	9.98%
Tier 5	9.61%
Tier 6	11.91%
Harbor Port Police – Tier 5	5.10%
Harbor Port Police – Tier 6	5.32%
Airport Police – Tier 6	7.18%

**Contributions to be made on July 15, 2023. Rates do not include amounts allocated for administrative expenses.*

Health Insurance Premium Cost Trend Rates
(applied to calculate following year's premiums)

Fiscal Year	Non-Medicare	Medicare
2022-2023	7.25%	6.50%
2023-2024	7.00%	6.25%
2024-2025	6.75%	6.00%
2025-2026	6.50%	5.75%
2026-2027	6.25%	5.50%
2027-2028	6.00%	5.25%
2028-2029	5.75%	5.00%
2029-2030	5.50%	4.75%
2030-2031	5.25%	4.50%
2031-2032	5.00%	4.50%
2032–2033	4.75%	4.50%
2033 and later	4.50%	4.50%

ADMINISTRATIVE EXPENSES

Beginning with the June 30, 2014 valuation, the assumed investment rate of return excludes the Plan's administrative expenses. This change was made in order to implement new Governmental Accounting Standards Board (GASB) financial reporting requirements (GASB Statements 67 and 68) so that the same investment return assumption can be used for both funding and financial reporting purposes. The actuary now recommends an explicit assumption to account for the Plan's administrative expenses.

Contribution Amount Allocated for Administrative Expenses*	
Pension	1.25%
Health	0.11%

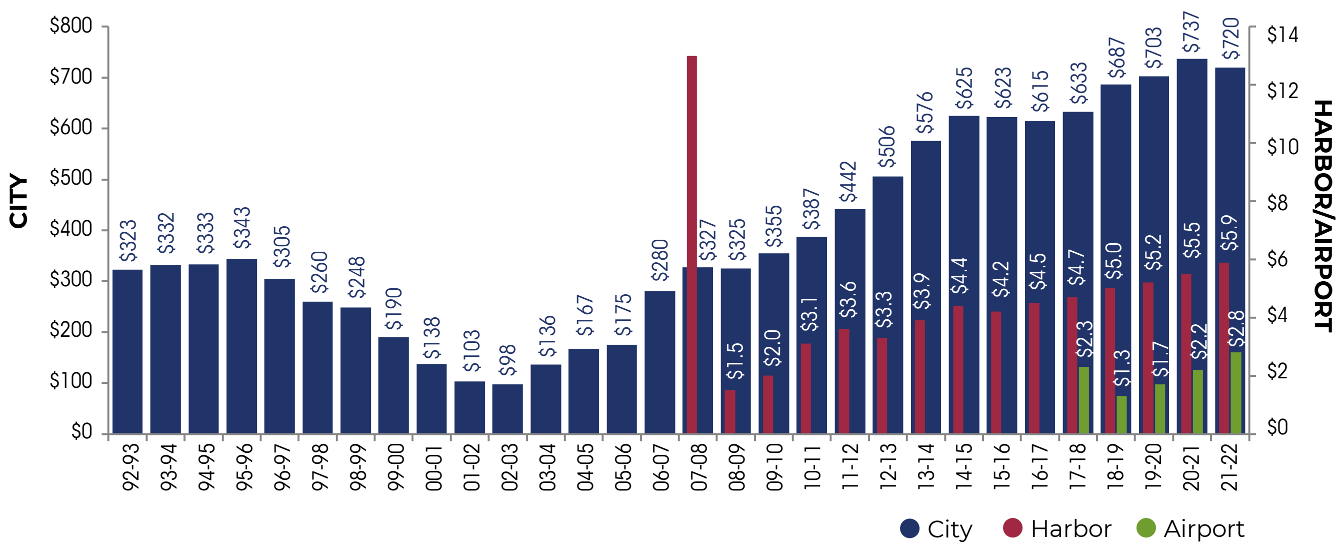
**Percent of total payroll. Contributions to be made on July 15, 2023.*

EMPLOYER CONTRIBUTION HISTORY

A history of employer contributions is illustrated in the following charts. Over the last two decades, the City's contribution to the System for pension and health benefits has grown, although there were periods when the contribution amount was decreased due to the System's actuarial surplus status.

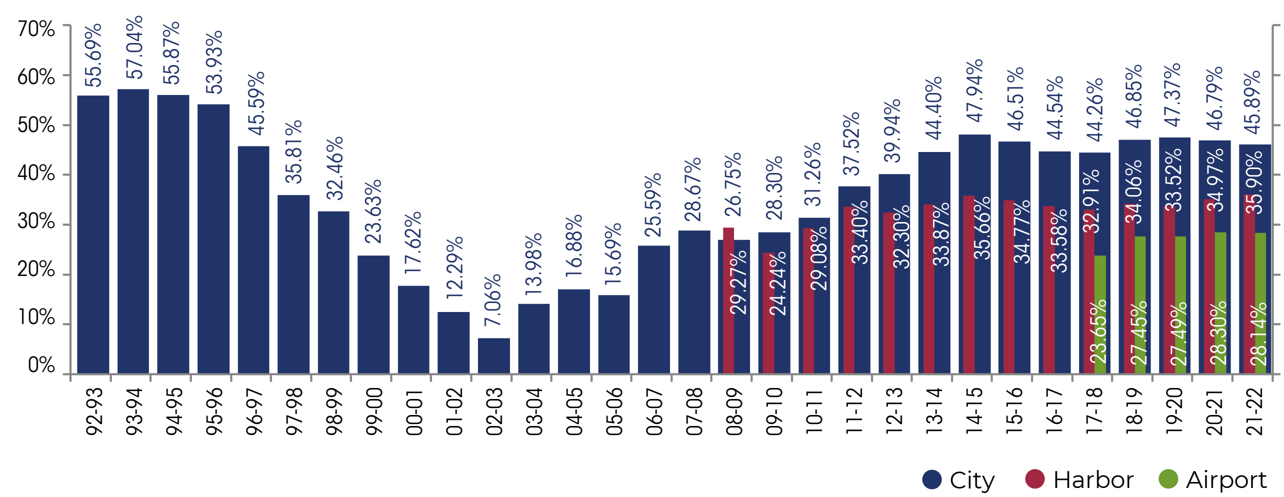
After the inclusion of Harbor Port Police in January 2006, the Harbor Department began making contributions to the System in Fiscal Year 2007-08. Since its first-year contribution, subsequent contributions have been stable. Airport Police became members of the Plan beginning in January 2018, and the Airport Department began making contributions to the System in Fiscal Year 2017-18.

Employer Contribution Amounts
(in millions)



The City's contribution amount excludes Excess Benefit Plan funding from FY 2010-11 to the present.

Employer Contribution Rates



ACTUARIAL BALANCE SHEET
JUNE 30, 2022

Present Resources and Expected Future Resources			
Assets	**Pension**	**Health**	**Total**
1. Valuation value of assets	$25,146,787,428	$2,710,079,288	$27,856,866,716
2. Present value of future normal costs:			
Member	$1,699,532,008		$1,699,532,008
Employer	$3,535,983,133	$895,134,520	$4,431,117,653
Total	$5,235,515,141	$895,134,520	$6,130,649,661
3. Unfunded actuarial accrued liability	$523,978,554	$939,252,999	$1,463,231,553
4. Present value of current and future assets	$30,906,281,123	$4,544,466,807	$35,450,747,930

Present Value of Expected Future Benefit Payments and Reserve			
Liabilities	**Pension**	**Health**	**Total**
5. Present value of future benefits:			
Retired members and beneficiaries	$14,898,325,961	$1,996,767,885	$16,895,093,846
Inactive members with vested rights	$64,038,636	$154,804,311	$218,842,947
Active members	$15,943,916,526	$2,392,894,611	$18,336,811,137
6. Total present value of expected future benefit payments	$30,906,281,123	$4,544,466,807	$35,450,747,930


E209
POLICE

SECTION 6
STATISTICAL

MEMBERSHIP STATISTICS

FIRE AND POLICE PENSION PLANS

As of June 30, 2022, the System is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides for disability benefits under certain conditions and benefits to eligible survivors.

Members hired pursuant to the provisions of Article XI 1/2 of the 1925 Charter are known as "fluctuators." Fluctuator pensioners receive 50% of the current salary received by the classification from which they retired. Such beneficiaries are included in Tier 1 for purposes of our actuarial valuations.

Members hired from July 1, 1925 through January 28, 1967 participate in Tier 1 (formerly Article XVII). Tier 2 (formerly Article XVIII) includes members hired from January 29, 1967 through December 7, 1980, and Tier 1 members who elected to transfer during an enrollment period.

Tier 3 (formerly Article XXXV, Plan 1) consists of members hired from December 8, 1980 through June 30, 1997. Members hired from July 1, 1997 through December 31, 2001 are in Tier 4 (formerly Article XXXV, Plan 2). Tier 4 also includes members who elected to transfer from Tier 3 during an enrollment period. Additionally, Tier 4 members hired from July 1, 1997 through December 31, 1997 were given the opportunity to transfer to Tier 3 during an enrollment period.

Tier 5 includes members hired from January 1, 2002 through June 30, 2011. Active members in Tiers 2 – 4 were allowed to transfer to Tier 5 during an enrollment period.

Additionally, all eligible sworn members of the Harbor Department hired on or after January 8, 2006 become members of the Fire and Police Pension System. Members hired from January 8, 2006 through June 30, 2011 are in Tier 5. Those hired prior to January 8, 2006 were provided the option to transfer to Tier 5 from the Los Angeles City Employees' Retirement System (LACERS) from January 8, 2006 to January 5, 2007.

Tier 6 consists of all new members hired on or after July 1, 2011.

On July 1, 2012, the Department of General Services, Office of Public Safety (OPS) was consolidated into the Los Angeles Police Department (LAPD). As a result, OPS employees who successfully transitioned to regular LAPD sworn classifications could make an election to opt out of LACERS and become Tier 6 members of the Fire and Police Pension System. The opt-out election period expired on December 12, 2014.

All eligible sworn members of the Airport Department hired on or after January 7, 2018 become members of the Fire and Police Pension System, Tier 6. Airport Peace Officers hired prior to January 7, 2018 were provided the option to transfer to Tier 6 from LACERS effective January 7, 2018.

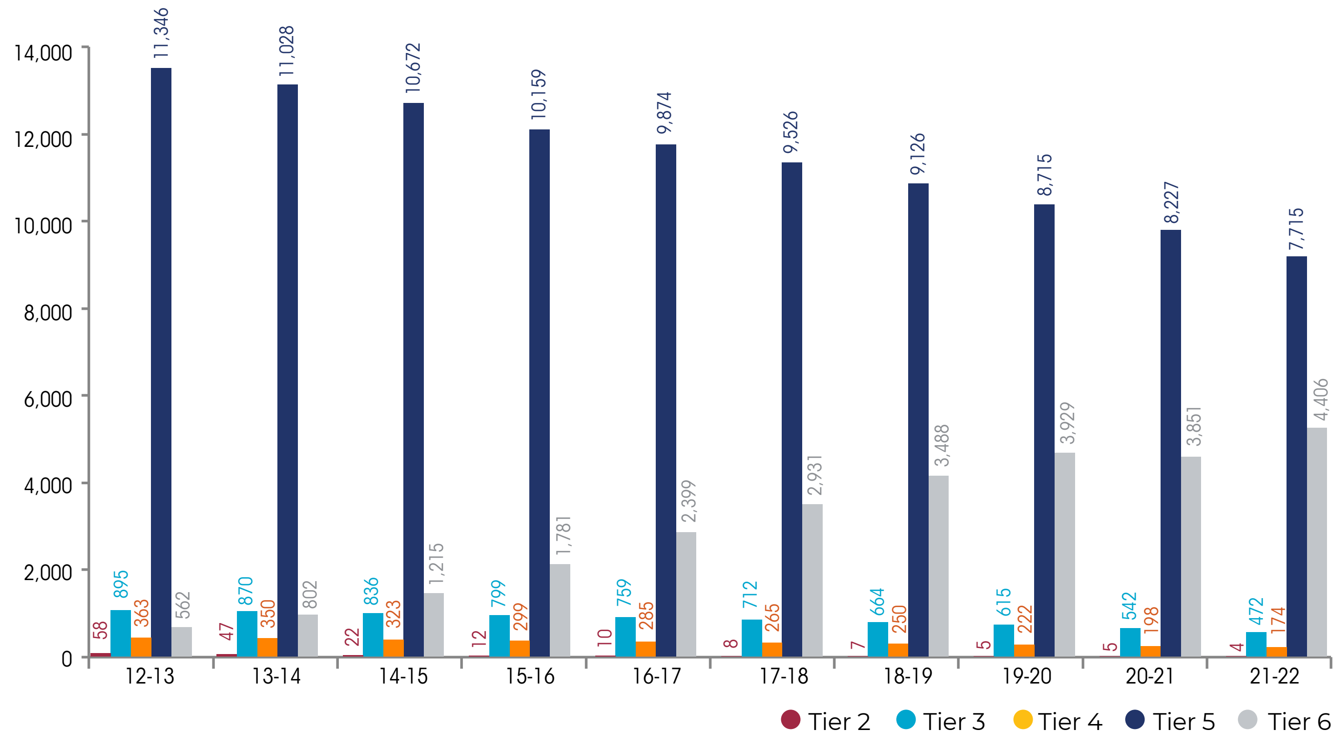
DEFERRED RETIREMENT OPTION PLAN

Effective May 1, 2002, the System began administering a Deferred Retirement Option Plan (DROP). DROP is a voluntary program whereby a member with a minimum of 25 years of service (members of Tiers 3, 5, and 6 must also be at least age 50) may file for a service pension but continue to work and earn salary and receive benefits as an active employee. The monthly service pension benefit is deposited into an interest-bearing account (5% per annum), payable upon exiting DROP. Participation in DROP is limited to a maximum of five years.

All eligible members of the Fire and Police Pension System, except the Fire and Police Chiefs, may elect to participate in DROP. The intent of the program was to retain police officers and lengthen their careers due to significant challenges faced by the City in police retention and recruitment. In addition, DROP must be cost neutral with regard to plan funding. Administrative Code §4.2100 requires the City to conduct an actuarial study at least every five years to determine whether the program is maintaining cost neutrality and/or meeting the City's goal of retaining sworn personnel.

ACTIVE MEMBERSHIP[1]

Active Membership by Tier



[1]*Total Active Membership includes recruit trainees.*

Active Membership
as of June 30, 2022

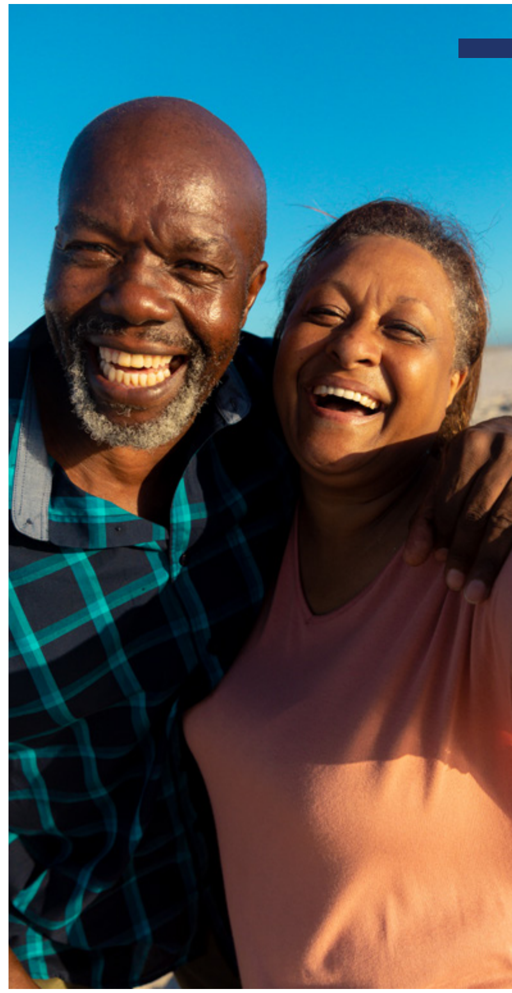
Tier	Fire	Police	Harbor	Airport	Total
Tier 2	3	1	---	---	4
Tier 3	14	458	---	---	472
Tier 4	41	133	---	---	174
Tier 5	2,149	5,472	94	---	7,715
Tier 6	1,153	3,132	29	92	4,406
Total	**3,360***	**9,196****	**123*****	**92**	**12,771**

** Includes 386 DROP participants.*

*** Includes 1,027 DROP participants.*

**** Includes 2 DROP participants.*

Refunds of Member Contributions					
	17-18	18-19	19-20	20-21	21-22
Fire:					
Tier 2	0	0	0	0	0
Tier 3	0	1	0	0	0
Tier 4	0	0	0	0	0
Tier 5	9	9	2	1	3
Tier 6	3	6	0	4	8
Police:					
Tier 2	0	0	0	0	0
Tier 3	0	1	0	3	1
Tier 4	0	0	0	1	0
Tier 5	45	39	47	27	25
Tier 6	36	40	44	51	79
Harbor:					
Tier 5	2	1	1	0	0
Tier 6	0	0	1	0	0
Airport:					
Tier 6	0	0	5	2	2
Total	**95**	**97**	**100**	**89**	**118**



Active Fire Membership Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	64	0	0	0	0	0	0	0	0	64
25-29	273	80	0	0	0	0	0	0	0	353
30-34	239	220	8	0	0	0	0	0	0	467
35-39	75	130	196	109	0	0	0	0	0	510
40-44	22	36	121	281	63	0	0	0	0	523
45-49	5	7	36	187	241	8	0	0	0	484
50-54	0	1	13	81	184	83	52	2	0	416
55-59	0	1	3	17	66	69	145	56	0	357
60-64	1	0	0	3	19	25	69	48	6	171
65-69	0	0	0	1	0	0	3	8	1	13
70 & over	0	0	0	0	0	0	0	0	2	2
Total	**679**	**475**	**377**	**679**	**573**	**185**	**269**	**114**	**9**	**3,360**

Active Police Membership
Age and Years of Service

Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
	Years of Service									
<25	268	0	0	0	0	0	0	0	0	268
25-29	870	188	0	0	0	0	0	0	0	1,058
30-34	475	595	107	0	0	0	0	0	0	1,177
35-39	145	249	750	205	0	0	0	0	0	1,349
40-44	49	77	425	689	121	0	0	0	0	1,361
45-49	12	18	172	418	618	329	0	0	0	1,567
50-54	2	10	63	179	376	841	108	0	0	1,579
55-59	1	2	19	61	84	290	215	6	0	678
60-64	0	1	2	8	18	55	44	8	1	137
65-69	0	0	0	0	1	12	4	0	2	19
70 & over	0	0	0	0	0	0	1	1	1	3
Total	**1,822**	**1,140**	**1,538**	**1,560**	**1,218**	**1,527**	**372**	**15**	**4**	**9,196**

Active Harbor Membership
Age and Years of Service

Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
	Years of Service									
<25	1	0	0	0	0	0	0	0	0	1
25-29	5	3	0	0	0	0	0	0	0	8
30-34	3	8	0	0	0	0	0	0	0	11
35-39	4	1	11	3	0	0	0	0	0	19
40-44	1	0	23	20	1	0	0	0	0	45
45-49	0	0	9	11	0	0	0	0	0	20
50-54	0	0	3	3	3	0	0	0	0	9
55-59	1	0	0	1	3	1	0	0	0	6
60-64	0	1	1	0	0	1	0	0	0	3
65-69	0	0	0	0	1	0	0	0	0	1
70 & over	0	0	0	0	0	0	0	0	0	0
Total	**15**	**13**	**47**	**38**	**8**	**2**	**0**	**0**	**0**	**123**

Active Airport Membership
Age and Years of Service

Age	Years of Service* 0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
<25	2	0	0	0	0	0	0	0	0	2
25-29	15	2	0	0	0	0	0	0	0	17
30-34	22	12	0	0	0	0	0	0	0	34
35-39	16	9	1	0	0	0	0	0	0	26
40-44	6	1	1	0	0	0	0	0	0	8
45-49	0	0	0	1	0	0	0	0	0	1
50-54	1	0	0	0	1	1	1	0	0	4
55-59	0	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70 & over	0	0	0	0	0	0	0	0	0	0
Total	**62**	**24**	**2**	**1**	**1**	**1**	**1**	**0**	**0**	**92**

Includes all prior service transferred from LACERS.

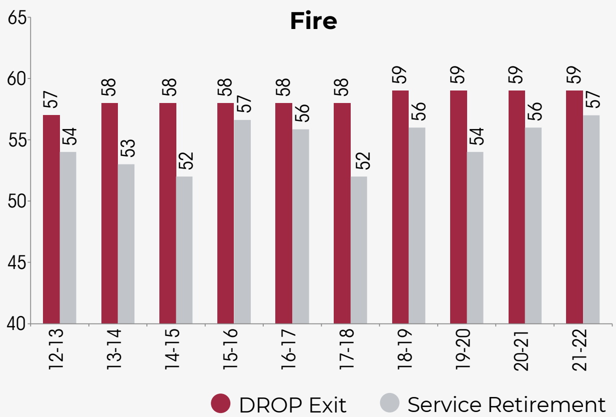
DROP MEMBERSHIP

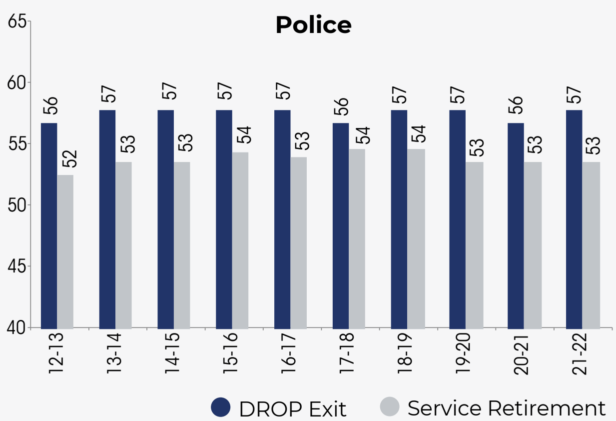
DROP Program Summary of Participation

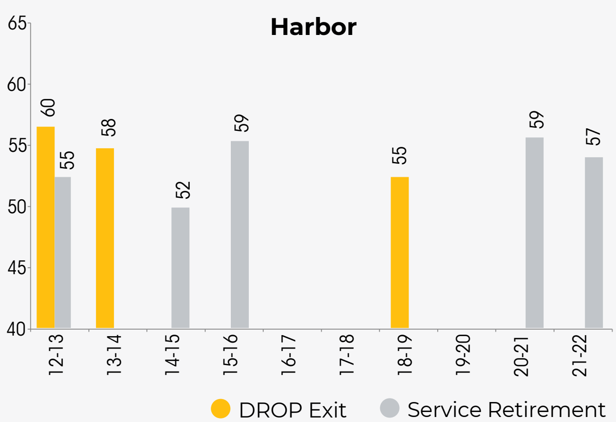
Fiscal Year	Average Participation per Month			Total Entries			Average Age at Entry			Average Years of Service at Entry			Total Exits		
	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD
12-13	512	644	3	73	166	1	53	53	58	28	27	25	100	143	3
13-14	506	681	1	101	218	1	54	53	50	29	26	27	72	146	2
14-15	524	775	1	99	275	0	54	53	0	29	26	0	121	173	0
15-16	492	890	1	86	235	0	54	52	0	28	27	0	194	193	0
16-17	402	886	1	70	204	0	54	53	0	29	28	0	76	187	0
17-18	450	979	1	137	278	1	55	52	58	26	28	25	76	205	0
18-19	545	1,071	1	208	333	0	55	53	0	30	28	0	97	222	1
19-20	522	1,131	1	15	166	0	55	53	0	28	26	0	58	225	0
20-21	463	1,070	1	24	361	1	56	53	55	29	26	27	84	301	0
21-22	426	1,093	2	51	312	0	55	53	0	30	26	0	85	311	0

RETIRED MEMBERSHIP

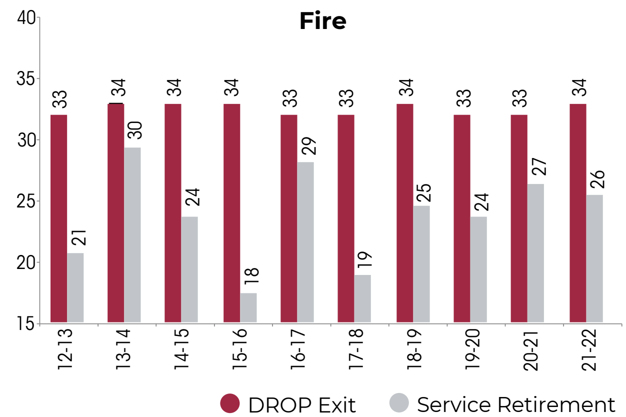
DROP VS. SERVICE RETIREMENT
AVERAGE AGE

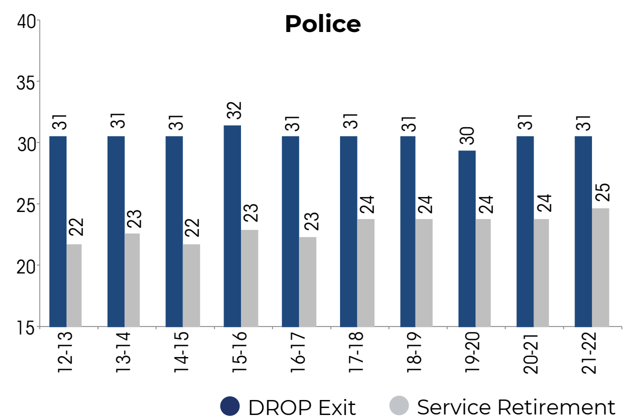


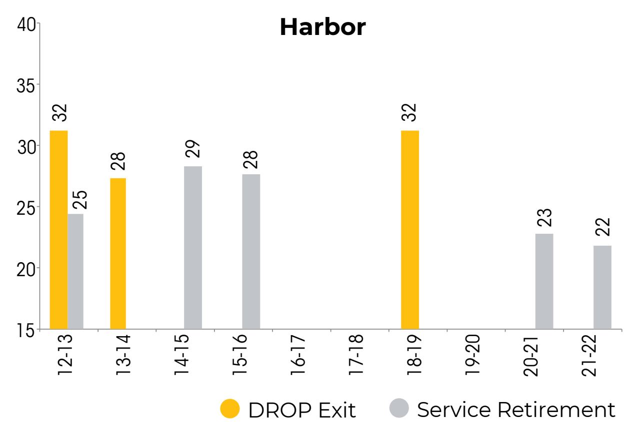


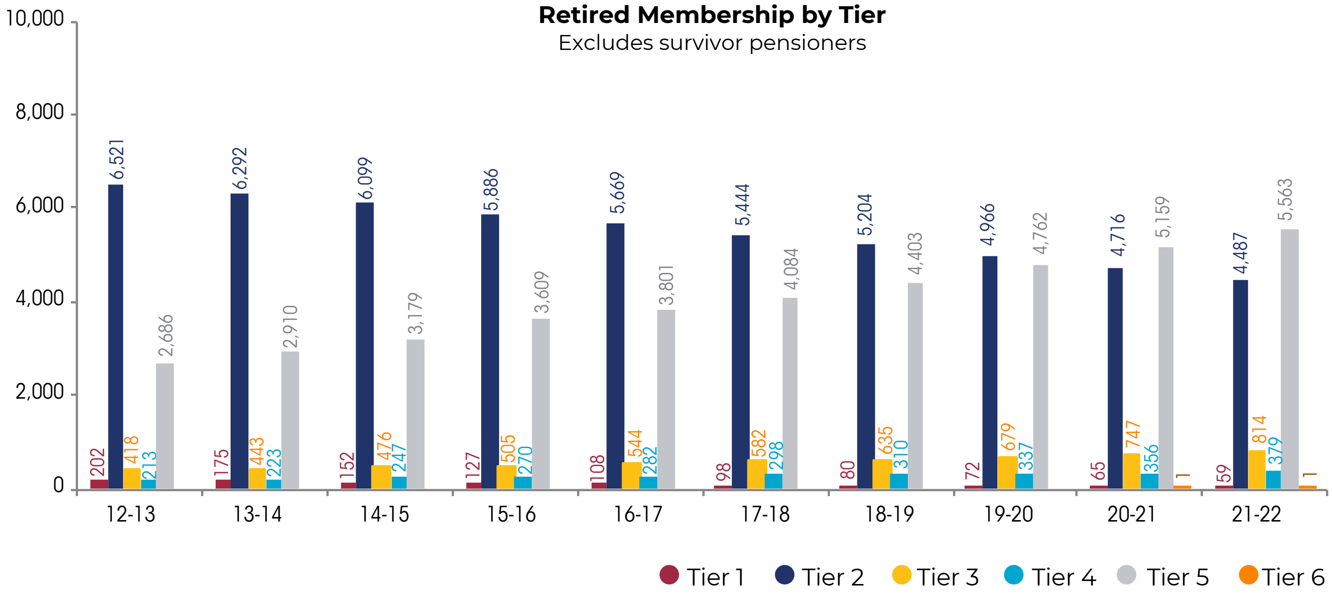


DROP VS. SERVICE RETIREMENT
AVERAGE YEARS OF SERVICE









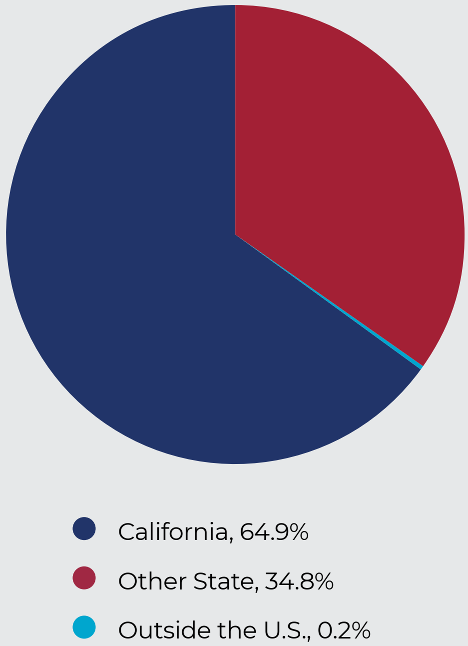
Retired Membership as of June 30, 2022
Excludes survivor pensioners

Tier	Fire	Police	Harbor	Airport	Total
Tier 1	6	53	0	0	59
Tier 2	874	3,612	1	0	4,487
Tier 3	85	729	0	0	814
Tier 4	28	351	0	0	379
Tier 5	1,781	3,763	19	0	5,563
Tier 6	0	1	0	0	1
Total	**2,774**	**8,509**	**20**	**0**	**11,303**

Retired Membership

Service Pensioners	
Number in pay status:	9,647
Average age at retirement:	52.3
Average age:	69.8
Average monthly benefit:	$7,536
Disability Pensioners	
Number in pay status:	1,656
Average age at retirement:	43.4
Average age:	73.1
Average monthly benefit:	$5,684
Survivor Pensioners	
Number in pay status:	2,518
Average age:	75.9
Average monthly benefit:	$5,208

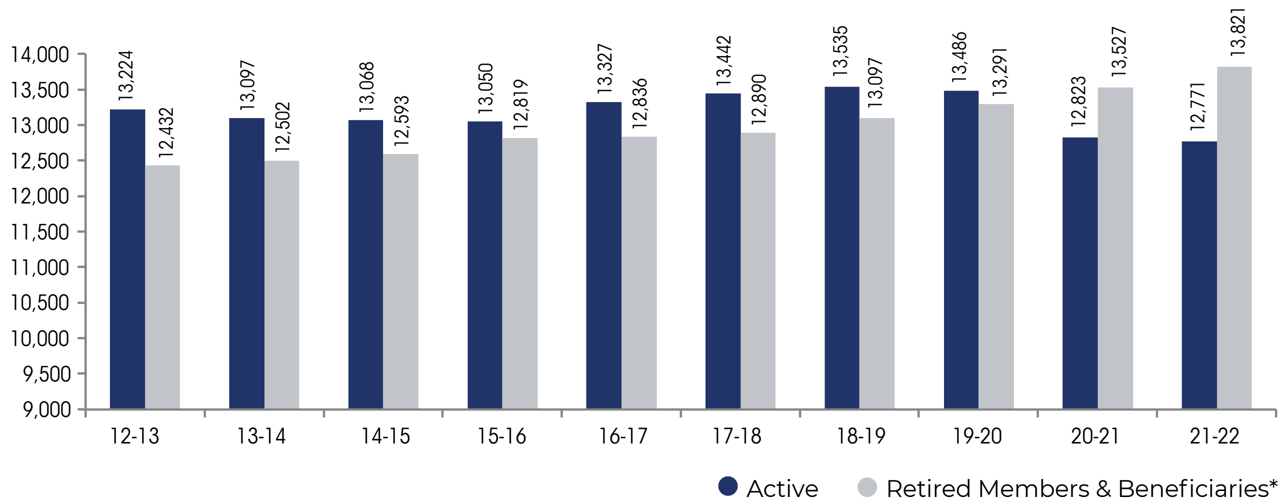
Residency of Pensioners



Retired Membership by Age

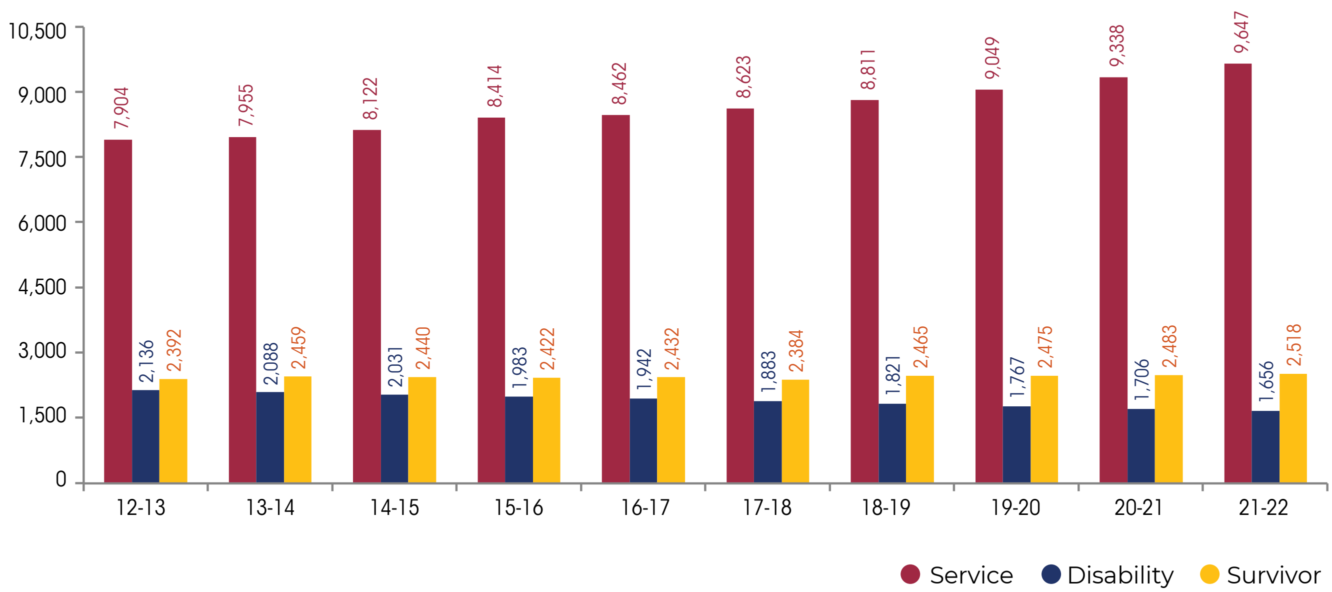
Excludes survivor pensioners.

Active vs. Retired Members

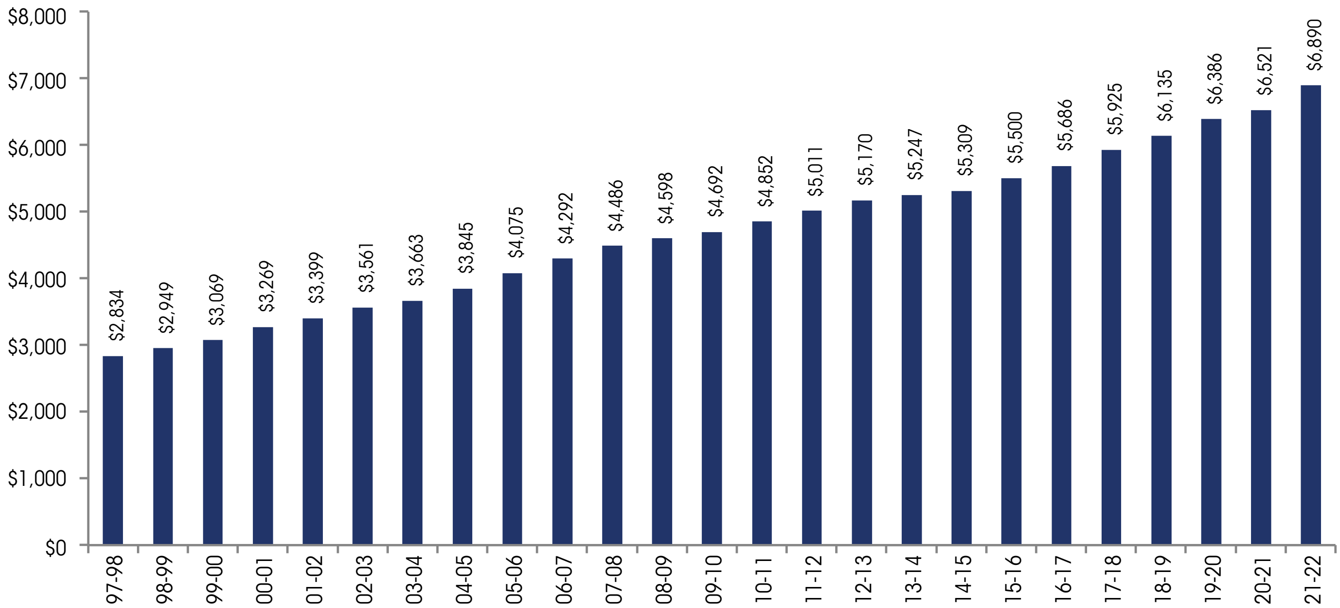


Retired membership excludes Inactive Vested Members

Pensioners by Benefit Type

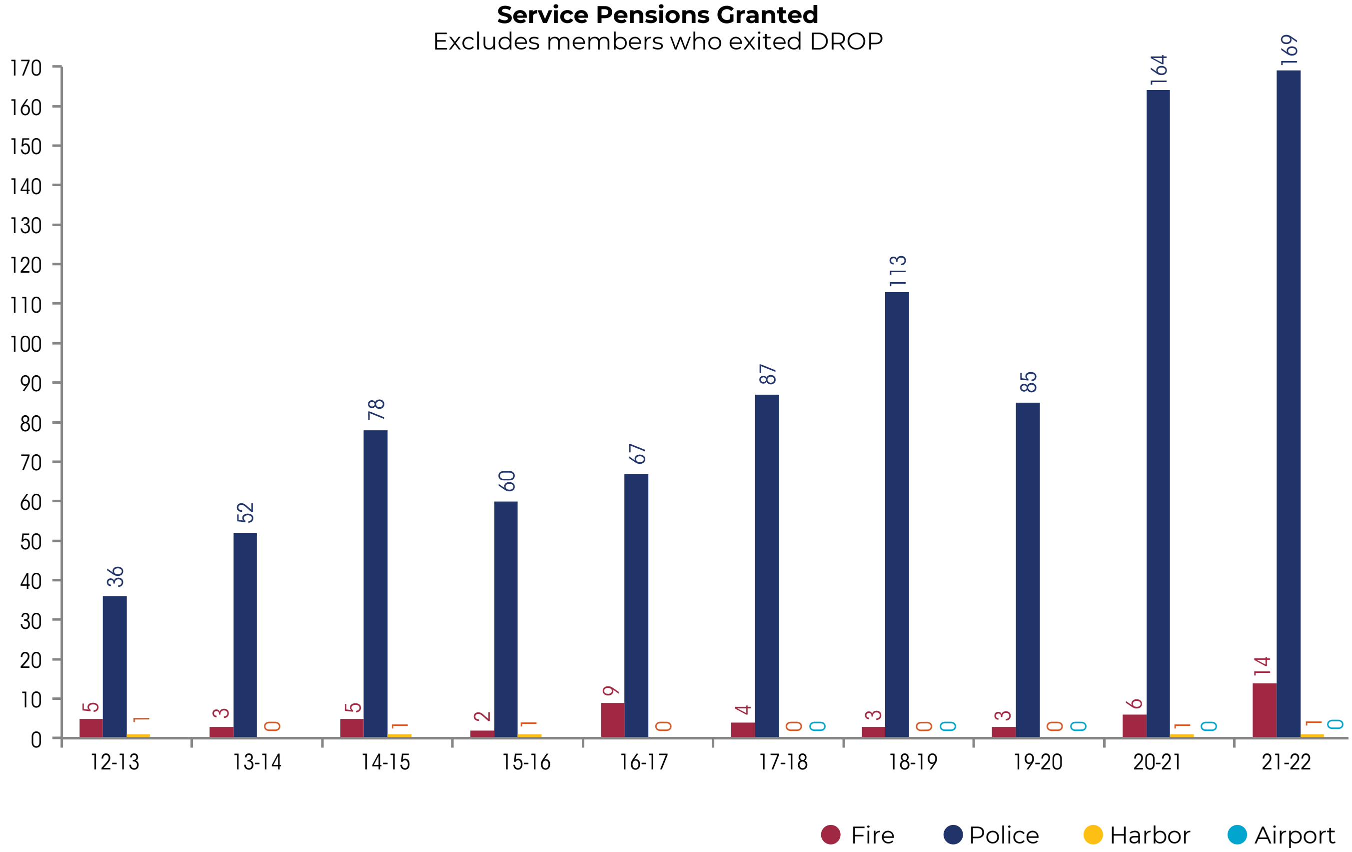


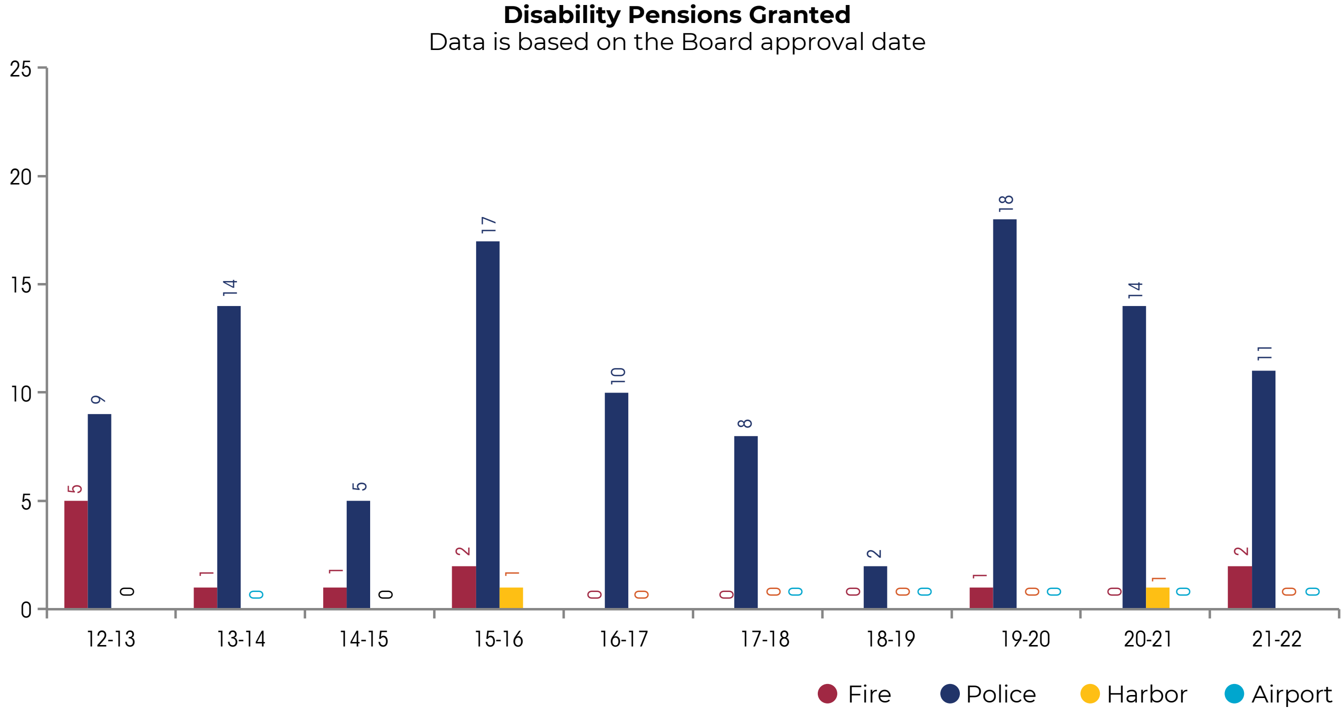
Average Monthly Pension



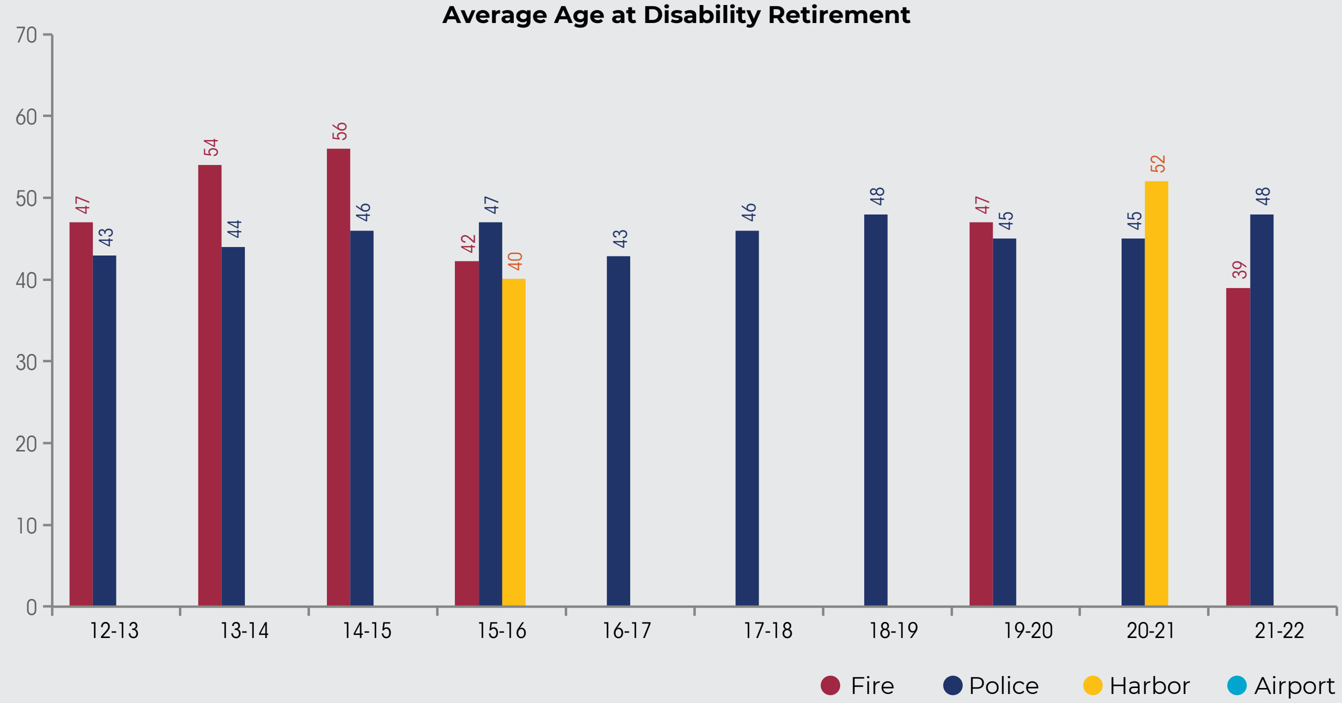
Service Pensions Granted

Excludes members who exited DROP

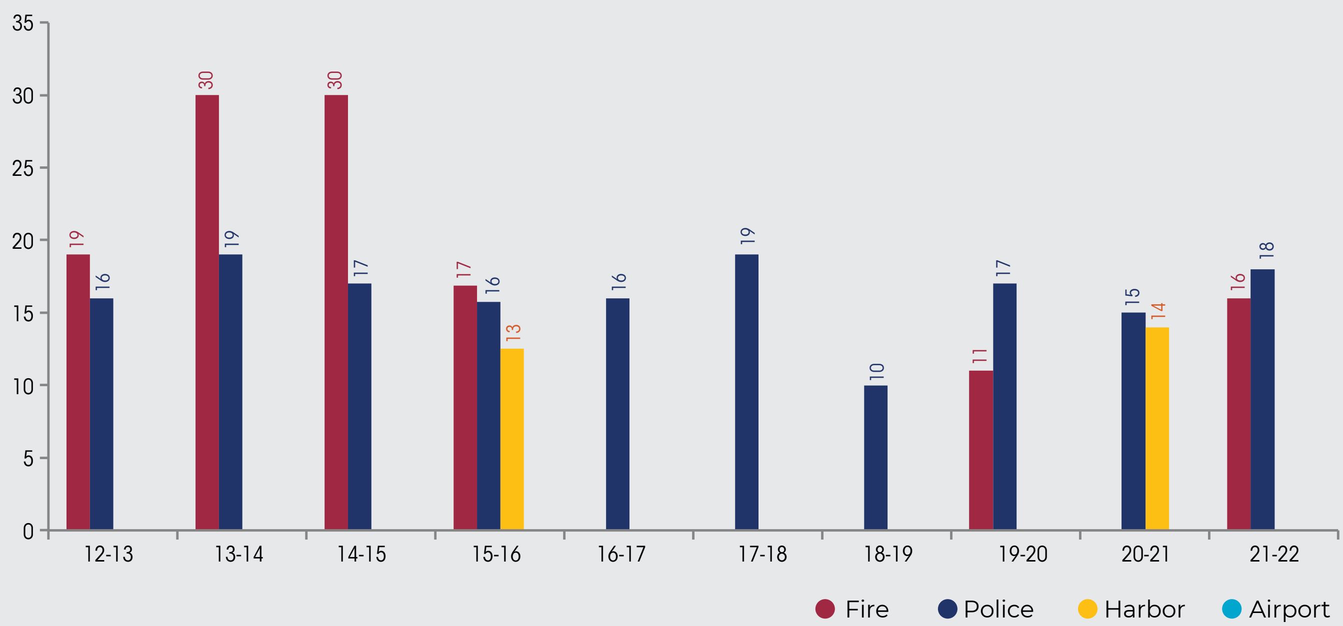



Disability Pensions Granted
Data is based on the Board approval date
25
20
15
10
5
0
5
9
0
1
14
0
1
5
0
2
17
1
0
10
0
0
8
0
0
0
2
0
0
1
18
0
0
0
14
1
0
2
11
0
0
12-13
13-14
14-15
15-16
16-17
17-18
18-19
19-20
20-21
21-22
Fire
Police
Harbor
Airport

Average Age at Disability Retirement



Average Years of Service at Disability Retirement



SERVICE-CONNECTED DISABILITY PENSIONS BY TYPE AND DEPARTMENT*

Disability Pensions Granted	Fiscal Year 17-18					Fiscal Year 18-19					Fiscal Year 19-20					Fiscal Year 20-21					Fiscal Year 21-22				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Physical Only	0	8	0	0	8	0	1	0	0	1	1	16	0	0	17	0	12	1	0	13	2	9	0	0	11
Physical/ Psychiatric	0	0	0	0	0	0	1	0	0	1	0	2	0	0	2	0	1	0	0	1	0	2	0	0	2
Psychiatric Only	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0
Total	**0**	**8**	**0**	**0**	**8**	**0**	**2**	**0**	**0**	**2**	**1**	**18**	**0**	**0**	**19**	**0**	**14**	**1**	**0**	**15**	**2**	**11**	**0**	**0**	**13**

Types of Claims**	Fiscal Year 17-18					Fiscal Year 18-19					Fiscal Year 19-20					Fiscal Year 20-21					Fiscal Year 21-22				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Back	0	6	0	0	6	0	1	0	0	1	1	9	0	0	10	0	9	1	0	10	1	6	0	0	7
Neck	0	2	0	0	2	0	1	0	0	1	0	11	0	0	11	0	7	1	0	8	0	2	0	0	2
Knees	0	0	0	0	0	0	2	0	0	2	0	7	0	0	7	0	4	1	0	5	0	3	0	0	3
Other Orthopedic	0	2	0	0	2	0	1	0	0	1	11	0	0	0	11	0	15	1	0	16	1	6	0	0	7
Cardiovascular	0	0	0	0	0	0	0	0	0	0	0	3	0	0	3	0	0	0	0	0	0	1	0	0	1
Ulcer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hypertension	0	0	0	0	0	0	0	0	0	0	0	2	0	0	2	0	0	0	0	0	0	2	0	0	2
Pulmonary	0	0	0	0	0	0	0	0	0	0	1	0	0	0	1	0	0	0	0	0	0	2	0	0	2
Cancer	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gun Shot Wound	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
HIV/AIDS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	2	0	0	2	0	1	0	0	1	0	5	0	0	5	0	4	0	0	4	1	7	0	0	8

**Data is based on disability pensions approved by the Board during each fiscal year.*

***Total claims will not equal the total number of disability pensions granted due to multiple claimed injuries/ illnesses.*

DISABILITY PENSIONS BY DEPARTMENT AND RANK*

FIRE	Fiscal Year 17-18	Fiscal Year 18-19	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22
Firefighter	0	0	1	0	2
Apparatus Operator	0	0	0	0	0
Engineer	0	0	0	0	0
Inspector	0	0	0	0	0
Captain	0	0	0	0	0
Battalion Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Total	**0**	**0**	**1**	**0**	**2**

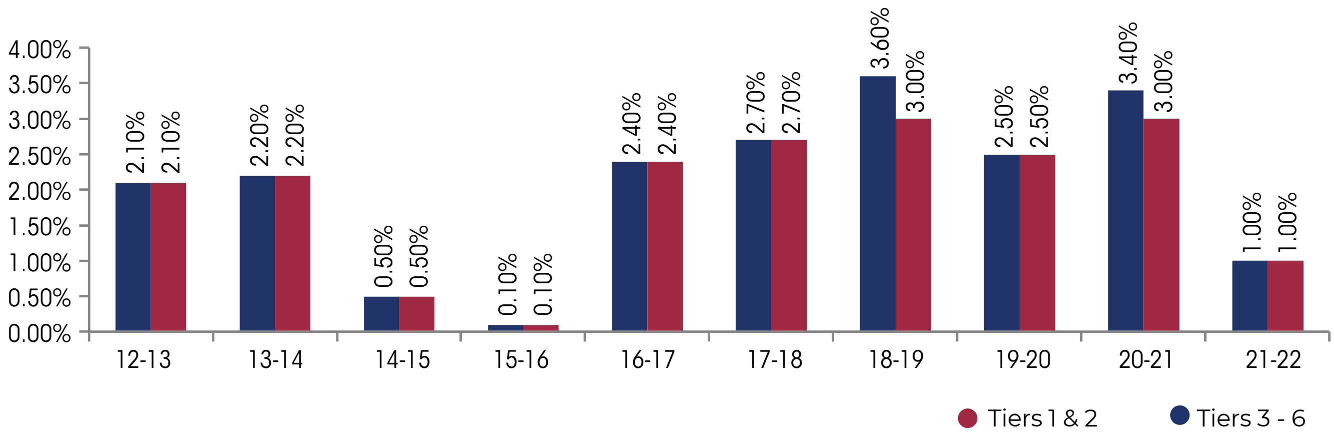
POLICE	Fiscal Year 17-18	Fiscal Year 18-19	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22
Police Officer	6	2	13	14	9
Sergeant	2	0	3	0	2
Detective	0	0	2	0	0
Lieutenant	0	0	0	0	0
Captain	0	0	0	0	0
Commander	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
Total	**8**	**2**	**18**	**14**	**11**

HARBOR	Fiscal Year 17-18	Fiscal Year 18-19	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22
Police Officer	0	0	0	1	0
Total	**0**	**0**	**0**	**1**	**0**

**Data is based on disability pensions approved by the Board during each fiscal year.*

COST OF LIVING ADJUSTMENTS – EFFECTIVE JULY 1

The size of any year's Cost of Living Adjustment (COLA) is based on the Los Angeles Area Consumer Price Index (CPI) for All Urban Consumers, as published by the U.S. Bureau of Labor Statistics for the previous one-year period ending March 1. Tiers 1 and 2 members have an uncapped COLA, while members in Tiers 3 – 6 have a 3% maximum COLA. However, Tiers 5 and 6 members have a COLA bank to "store" amounts above the 3% cap.

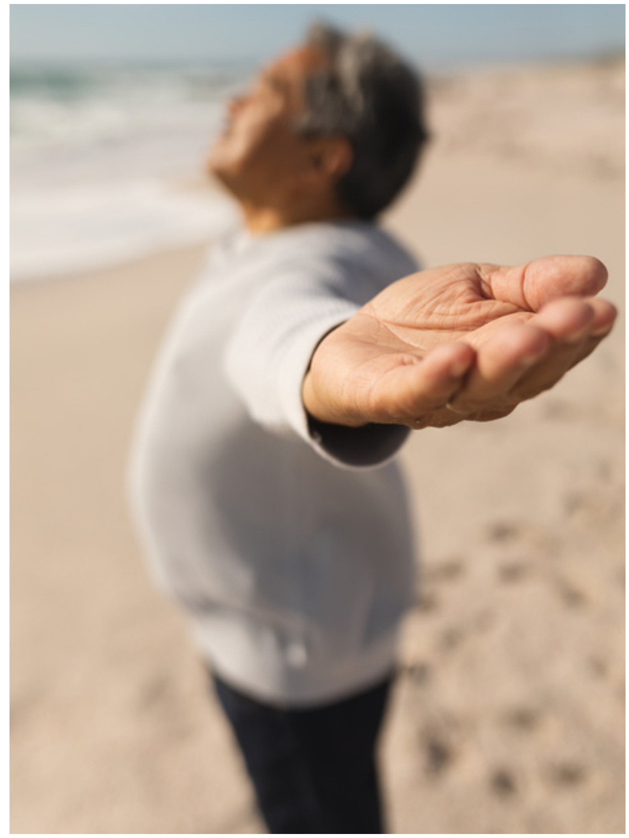


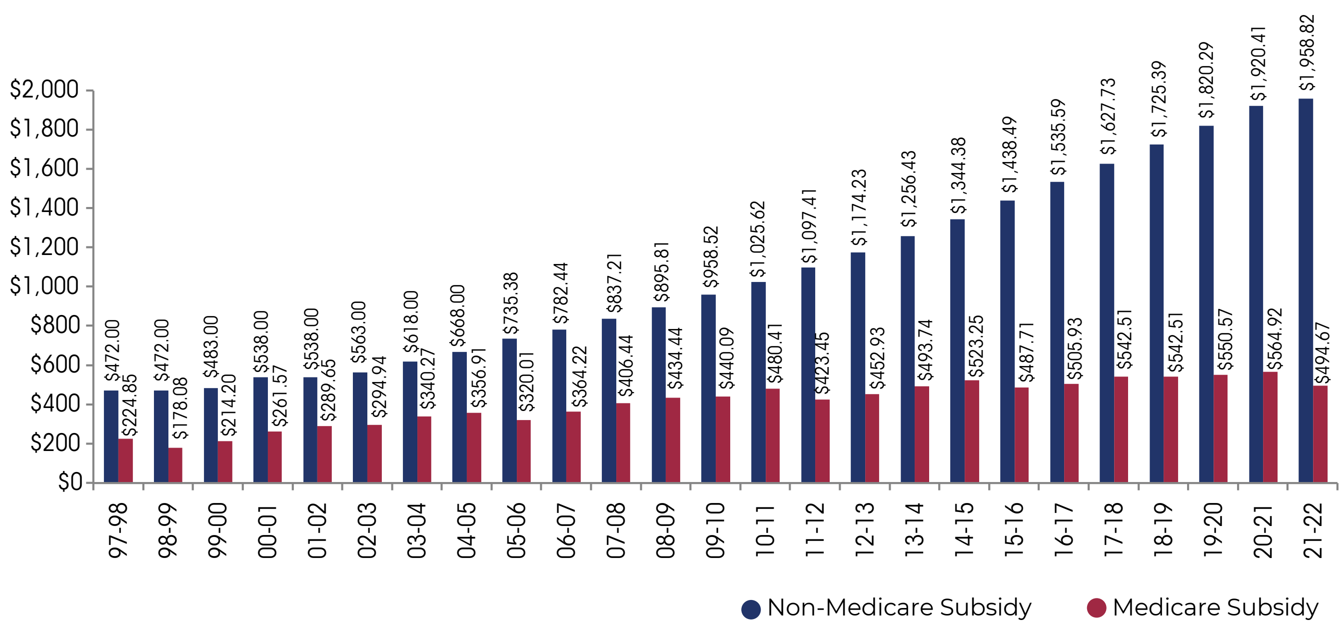
NOTE: For years in which the COLA as shown in the chart is below 3%, members in Tiers 5 and 6 may receive up to 3% depending on their available COLA bank balance.

MAXIMUM HEALTH INSURANCE PREMIUM SUBSIDY FOR RETIRED MEMBERS

In 1974, voters approved a Charter amendment to provide a health insurance premium subsidy benefit for pensioners. Effective July 1, 2006, the Los Angeles Administrative Code § 4.1154(e) grants the Board of Fire and Police Pension Commissioners the authority to raise the maximum non-Medicare health insurance premium subsidy for retired members on an annual basis. The Board may raise the subsidy up to the lesser of 7% or the approved actuarially assumed rate for medical inflation for pre-65 health benefits for the fiscal year. Per the City Charter, the subsidy was previously linked to the subsidy for active members and retired civilians.

The maximum Medicare health insurance premium subsidy for retired members is equivalent to the highest single-party Medicare plan premium offered by the Los Angeles City Employees' Retirement System.





MEMBER OUTREACH

One of the Plan's fundamental duties is to communicate benefits information to members and other stakeholders. Information is disseminated through written communications such as Summary Plan Descriptions (SPDs), benefits handbooks, newsletters, targeted notifications, annual reports, and the Department's online resources (e.g., website, social media).

Staff also provides benefits education by phone, in-person, by video conference, and by attending various outreach events with members and their beneficiaries. In response to the COVID-19 pandemic, all in-person seminars and member counseling services were transitioned to virtual sessions. Staff interacted with 696 members in 42 virtual sessions. Our participation at various events provides an opportunity to speak directly with members to help them understand their retirement benefits. As part of our strategic goals, we are committed to enhancing our customer service, communications efforts, and outreach to our members. A summary of the events conducted over the last two fiscal years is provided below.

	Fiscal Year 20-21*		Fiscal Year 21-22*	
Outreach Events	**Number of Events**	**Members Reached**	**Number of Events**	**Members Reached**
New Recruit Talks Staff develops and conducts presentations specifically for new hires of the Fire, Police, Harbor, and Airport Departments.	1	31	1	54
Benefits Presentations Staff conducts benefit presentations virtually and on location at fire stations, rollcalls, and training days for members in various tiers and/or stages of their careers, and in-house focus groups.	30	957	31	477
Financial Planning Education Seminars Together with the Financial Planning Education Consultant, staff holds seminars to assist members at specific stages of retirement planning with their total financial plan.	7	319	10	165
Other Outreach Events Staff participates at various outreach events sponsored by the sworn departments and associations for active and retired members.	0	0	15	460
Total	**38**	**1,307**	**57**	**1,156**

** All in-person outreach events were suspended beginning in March 2020 due to the COVID-19 mandated restrictions.*

FINANCIAL

This section provides historical perspective, context, and detail to assist in utilizing the Financial Statements, Notes to the Financial Statements, and Required Supplementary Information, to understand and assess the System's economic condition.

The statistical information provided here is divided into two main categories: Financial Trends Information and Operating Information.

Financial Trends Information is intended to assist readers in understanding how the System's financial position has changed over time. The "Changes in Fiduciary Net Position – Pension Plan" and "Changes in Fiduciary Net Position – Health Subsidy Plan" present additions by source, deductions by type, and the total change in fiduciary net position for the last ten fiscal years. The "Pension Benefit Expenses by Type" presents a ten-year history of the total benefit amounts for service, disability, and survivor pensioners.

Operating Information is intended to provide contextual information about the System's operations and membership, and to assist readers in using financial statement information to understand and evaluate the System's fiscal condition. "Retired Members by Type of Pension Benefit" and the "Retired Members by Type of Health Subsidy Benefit" present the dollar levels for each benefit as of June 30, 2022.

FINANCIAL TRENDS INFORMATION

Schedule of Additions by Source – Pension Plan
(in thousands)

Fiscal Year	Employer Contributions: Dollars	Employer Contributions: % of Annual Covered Payroll	Member Contributions	Net Investment Income (Loss)*	Other Income (Loss)	Total (Loss)
12-13	375,448	29%	121,778	1,705,251	2,525	2,205,002
13-14	440,698	34%	124,395	2,626,144	2,899	3,194,136
14-15	480,332	36%	126,771	669,668	4,849	1,281,620
15-16	478,385	35%	129,734	156,205	3,108	767,432
16-17	454,309	33%	128,900	2,256,694	3,436	2,843,339
17-18	459,632**	32%	145,112	1,886,956	7,184	2,498,884
18-19	504,877	34%	147,753	1,217,329	362	1,870,322
19-20	516,638	34%	153,787	605,869	375	1,276,669
20-21	543,819	34%	157,786	6,971,432	673	7,673,710
21-22	535,450	33%	149,243	(2,021,951)	369	(1,336,889)

** Includes change in unrealized gain and loss of investment.*

*** This amount will not reconcile with the Financial Statements, as it excludes L.A. World Airports contributions transferred from LACERS, which were reported as Other Income.*

Schedule of Deductions by Type – Pension Plan
(in thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses	Total
12-13	856,237	3,267	12,200	871,704
13-14	856,036	2,950	13,865	872,851
14-15	915,163	3,746	17,814	936,723
15-16	987,296	3,067	19,347	1,009,710
16-17	925,903	4,175	19,134	949,212
17-18	991,014	3,786	19,908	1,014,708
18-19	1,065,978	4,478	20,244	1,090,701
19-20	1,116,722	4,530	20,685	1,141,937
20-21	1,182,407	4,556	21,372	1,208,335
21-22	1,237,262	7,474	22,146	1,266,882

Schedule of Additions by Source – Health Subsidy Plan
(in thousands)

	Employer Contributions				
Fiscal Year	Dollars	% of Annual Covered Payroll	Net Investment Income (Loss)*	Other Income (Loss)	Total (Loss)
12-13	132,939	10%	118,124	175	251,238
13-14	138,107	11%	192,600	212	330,919
14-15	148,477	11%	51,291	371	200,139
15-16	150,315	11%	12,522	249	163,086
16-17	165,170	12%	189,381	39	354,590
17-18	178,462**	12%	165,453	517	344,432
18-19	188,020	13%	111,602	33	299,655
19-20	193,214	13%	58,065	36	251,315
20-21	200,424	13%	698,367	67	898,858
21-22	193,140	12%	(209,603)	38	(16,425)

** Includes change in unrealized gain and loss of investment.*

*** This amount will not reconcile with the Financial Statements, as it excludes L.A. World Airports contributions transferred from LACERS, which were reported as Other Income.*

Schedule of Deductions by Type – Health Subsidy Plan
(in thousands)

Fiscal Year	Benefit Payments	Administrative Expenses	Total
12-13	98,306	845	99,151
13-14	104,371	1,017	105,388
14-15	110,411	1,364	111,775
15-16	116,678	1,551	118,229
16-17	122,562	1,606	124,168
17-18	130,722	1,746	132,468
18-19	137,874	1,856	139,730
19-20	143,600	1,983	145,583
20-21	151,855	2,141	153,996
21-22	147,467	2,296	149,763

Changes in Plan Net Position – Pension Plan
(in thousands)

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
ADDITIONS:										
Employer Contributions	$ 375,448	$ 440,698	$ 480,332	$ 478,385	$ 454,309	$ 459,632	$ 504,877	$ 516,638	$ 543,819	$ 535,450
Member Contributions	121,778	124,395	126,771	129,734	128,900	145,112	147,753	153,787	157,786	149,243
Net Investment Income (Loss)	1,705,251	2,626,144	669,668	156,205	2,256,694	1,886,956	1,217,329	605,869	6,971,432	(2,021,951)
Other Income (Loss)	2,525	2,899	4,849	3,108	3,436	7,184	362	375	673	369
Total Additions (Loss)	2,205,002	3,194,136	1,281,620	767,432	2,843,339	2,498,884	1,870,322	1,276,669	7,673,710	(1,336,889)
DEDUCTIONS:										
Benefit Payments	856,237	856,036	915,163	987,296	925,903	991,014	1,065,979	1,116,722	1,182,407	1,237,262
Refunds of Contributions	3,267	2,950	3,746	3,067	4,175	3,786	4,478	4,530	4,556	7,474
Administrative Expenses	12,200	13,865	17,814	19,347	19,134	19,908	20,244	20,685	21,372	22,146
Total Deductions	871,704	872,851	936,723	1,009,710	949,212	1,014,708	1,090,701	1,141,937	1,208,335	1,266,882
Changes in Plan Net Position	$ 1,333,298	$ 2,321,285	$ 344,897	$ (242,278)	$ 1,894,127	$ 1,484,176	$ 779,621	$ 134,732	$ 6,465,375	$ (2,603,771)

Changes in Plan Net Position – Health Subsidy Plan
(in thousands)

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
ADDITIONS:										
Employer Contributions	$ 132,939	$ 138,107	$ 148,477	$ 150,315	$ 165,170	$ 178,462	$ 188,020	$ 193,214	$ 200,424	$ 193,140
Net Investment Income (Loss)	118,124	192,600	51,291	12,522	189,381	165,453	111,602	58,065	698,367	(209,603)
Other Income (Loss)	175	212	371	249	39	517	33	36	67	38
Total Additions (Loss)	251,238	330,919	200,139	163,086	354,590	344,432	299,655	251,315	898,858	(16,425)
DEDUCTIONS:										
Benefit Payments	98,306	104,371	110,411	116,678	122,562	130,722	137,874	143,600	151,855	147,467
Administrative Expenses	845	1,017	1,364	1,551	1,606	1,746	1,856	1,983	2,141	2,296
Total Deductions	99,151	105,388	111,775	118,229	124,168	132,468	139,730	145,583	153,996	149,763
Changes in Plan Net Position	$ 152,087	$ 225,531	$ 88,364	$ 44,857	$ 230,422	$ 211,964	$ 159,925	$ 105,732	$ 744,862	$ (166,188)

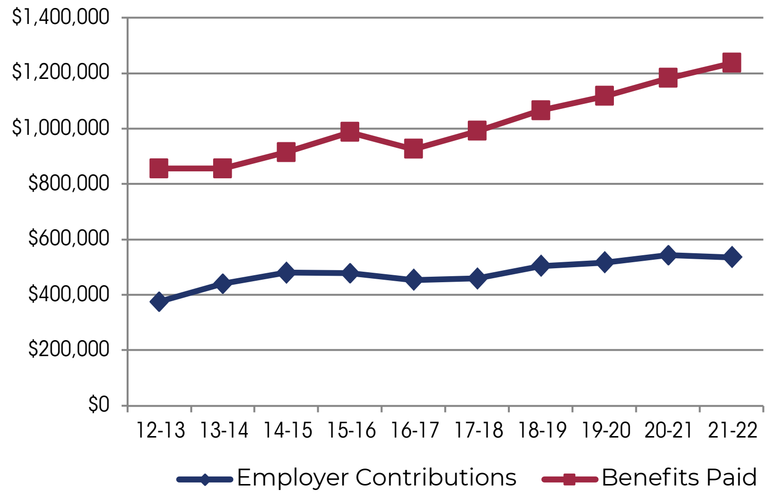
Schedule of Benefit Expenses by Type – Pension Plan
(in thousands)

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
TYPE OF BENEFIT										
Service/DROP	$ 625,443	$ 620,845	$ 681,484	$ 755,237	$ 690,500	$ 751,333	$ 820,342	$ 867,192	$ 927,177	$ 981,942
Disability	117,217	117,601	114,429	112,097	111,471	111,744	111,575	110,938	111,657	108,039
Surviving Spouse	111,722	115,726	116,935	117,554	121,499	125,174	129,826	134,861	140,370	143,492
Minors	1,855	1,864	2,315	2,408	2,433	2,763	4,236	3,731	3,203	3,789
Total Benefits Paid	$ 856,237	$ 856,036	$ 915,163	$ 987,296	$ 925,903	$ 991,014	$ 1,065,979	$ 1,116,722	$ 1,182,407	$ 1,237,262

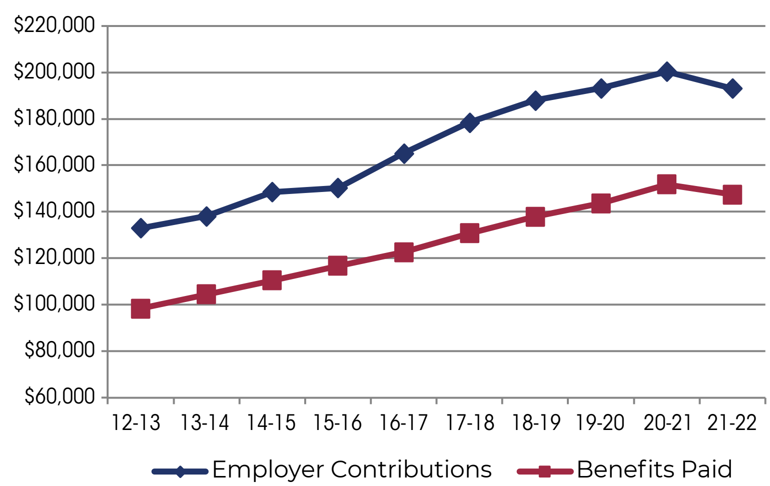
Schedule of Benefit Expenses by Type – Health Subsidy Plan
(in thousands)

	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22
TYPE OF BENEFIT										
Medicare Reimbursement	$ 8,855	$ 9,295	$ 9,477	$ 9,614	$ 9,817	$ 10,872	$ 11,294	$ 10,844	$ 12,811	$ 13,200
Health Subsidy	84,870	90,462	96,198	102,172	107,640	114,559	121,406	126,586	133,192	128,040
Dental Subsidy	3,591	3,631	3,729	3,861	4,062	4,143	4,289	4,407	4,533	4,666
Health Insurance Reimbursement	990	983	1,006	1,031	1,043	1,148	885	1,763	1,319	1,561
Total Benefits Paid	$ 98,306	$ 104,371	$ 110,410	$ 116,678	$ 122,562	$ 130,722	$ 137,874	$ 143,600	$ 151,855	$ 147,467

Employer Contributions vs. Benefits Paid – Pension Plan (in thousands)		
Fiscal Year	**Employer Contributions**	**Benefits Paid**
12-13	375,448	856,237
13-14	440,698	856,036
14-15	480,332	915,163
15-16	478,385	987,296
16-17	454,309	925,903
17-18	459,632	991,014
18-19	504,877	1,065,979
19-20	516,638	1,116,722
20-21	543,819	1,182,407
21-22	535,450	1,237,262



Employer Contributions vs. Benefits Paid – Health Subsidy Plan (in thousands)		
Fiscal Year	**Employer Contributions**	**Benefits Paid**
12-13	132,939	98,306
13-14	138,107	104,371
14-15	148,477	110,411
15-16	150,315	116,678
16-17	165,170	122,562
17-18	178,462	130,722
18-19	188,020	137,874
19-20	193,214	143,600
20-21	200,424	151,855
21-22	193,140	147,467



OPERATING INFORMATION

Schedule of Retired Membership by Type of Benefits – Pension Plan				
		Type of Benefits		
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability**	**Survivor**
$ 1 to $1,000	36	0	0	36
1,001 to 2,000	150	73	9	68
2,001 to 3,000	470	118	98	254
3,001 to 4,000	1,118	644	138	336
4,001 to 5,000	1,286	535	413	338
5,001 to 6,000	1,919	856	398	665
6,001 to 7,000	2,357	1,582	255	520
7,001 to 8,000	2,299	1,991	160	148
8,001 to 9,000	1,851	1,698	95	58
9,001 to 10,000	1,117	1,012	51	54
Over $ 10,000	1,218	1,138	39	41
Total	13,821	9,647	1,656	2,518

Schedule of Retired Membership by Type of Benefits – Health Subsidy Plan				
		Type of Benefits		
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability***	**Survivor***
HEALTH:				
Not receiving subsidy	1,912	971	271	670
$ 1 to $ 200	474	238	38	198
201 to 400	683	416	130	137
401 to 600	3,014	1,490	278	1,246
601 to 800	1,212	954	218	40
801 to 1,000	541	386	73	82
1,001 to 1,200	2,960	2,706	254	0
1,201 to 1,400	240	212	28	0
1,401 to 1,600	557	532	25	0
1,601 to 1,800	742	733	9	0
1,801 to 2,046.97**	1,025	1,009	16	0
Total	**13,360**	**9,647**	**1,340**	**2,373**

***Maximum health subsidy effective July 1, 2022.*

Schedule of Retired Membership by Type of Benefits – Health Subsidy Plan			
	Type of Benefits		
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability***
DENTAL:			
Not receiving subsidy	1,750	1,359	391
$ 1 to $10	0	0	0
11 to 20	62	5	57
21 to 30	430	168	262
31 to 44.60***	8,745	8,115	630
Total	**10,987**	**9,647**	**1,340**

**Excludes 316 disability pensioners and 145 beneficiaries with less than 10 years of service and ineligible for a health or dental subsidy.*

****Maximum dental subsidy for Plan year 2022-2023.*

SECTION 7
LEGAL

LEGAL

Under Los Angeles City Attorney Mike Feuer, the Public Pensions General Counsel Division of the City Attorney's Office serves as legal counsel to the Department and the Board of Fire and Police Pension Commissioners ("Board"). Managing Assistant City Attorney Anya Freedman leads the Division, assisted by Deputy City Attorneys Joshua Geller, Miguel Bahamon, Sheri Cheung, Gina Di Domenico, and Ali de Rivera and by Legal Secretary Nicole Paul. Deputy City Attorney James Napier retired in October 2022.

The City Attorney's Office provided advice and assistance to the Board and the Department on a variety of subjects, including fiduciary obligations, the Ralph M. Brown Act, the California Public Records Act, pension benefit and Deferred Retirement Option Plan (DROP) issues for Plan members and beneficiaries, tax law compliance, ethics laws and regulations, legal review of investment agreements and other contracts, data privacy, real estate operational issues regarding the Los Angeles Fire and Police Pension's (LAFPP) headquarters building, and disability pension applications.

The City Attorney's Office also supervises and assists the Board in the selection of outside law firms that are engaged to provide the Department with advice in certain specialized areas, such as federal and state tax laws, real estate and alternative investment transactions, cybersecurity and data privacy, and with occasional representation in complex or specialized litigation matters, such as bankruptcy cases and securities fraud cases.

The Public Pensions General Counsel Division of the City Attorney's Office also provides legal counsel to the Board of Administration of the Los Angeles City Employees' Retirement System and the Retirement Board of the Water and Power Employees' Retirement Plan.

PENDING LITIGATION

The City Attorney is supervising outside counsel in two pending securities class action lawsuits in which LAFPP is playing a critical role as lead plaintiff.

LAFPP is the lead plaintiff in the federal securities class action against Myriad Genetics, Inc., a Utah-based small cap company that develops and markets predictive, personalized, and prognostic tests, *In re Myriad Genetics, Inc.* (2:19-cv-00707-DBB-DBP). The case was filed on September 27, 2019. LAFPP alleges that Myriad fraudulently misled investors about the efficacy and profitability of GeneSight, a product that could provide a roadmap to a patient's DNA to inform physicians' antidepressant prescriptions, as well as its hereditary cancer test, violating Sections 10(b) and 20(a) of the Securities and Exchange Act of 1934. On March 16, 2021, LAFPP defeated Myriad's attempt to dismiss the case. On December 13, 2021 the court certified the case as a class action lawsuit, an important milestone for LAFPP and the other plaintiffs. After court certification, outside counsel sent notifications to potential class members informing them of its representation of the class, the parameters for class eligibility, the claims against Myriad, and their right to opt out of the class. LAFPP and Myriad are currently in the discovery stage of the case, taking depositions and exchanging documents.

LAFPP is also the lead plaintiff in a case against CVS Health Corporation and Aetna Inc. that was initially filed on August 15, 2019, *In re CVS Health Corporation Securities Act Litigation* (1:19-cv-00434-MSM-LDA). LAFPP alleges that the defendants made materially inaccurate statements and omissions in connection with CVS's acquisition of Aetna that injured LAFPP because the value of the CVS shares it received in the transaction was artificially inflated. LAFPP alleges that CVS, its officers and directors, and Aetna's former CEO made inaccurate statements and omissions in the offering documents for the Aetna acquisition and that these defendants and the former directors of Aetna made a broader range of statements and omissions to solicit shareholder proxies in the Aetna acquisition. The court issued a stay in this case in August 2021, pausing this litigation until an appeal was decided in a related case that had overlapping allegations. On August 18, 2022, the appellate court issued its decision, affirming the lower court's dismissal of the related action. This ended the court's stay in this litigation. LAFPP filed an amended complaint on November 23, 2022.

The City Attorney also supervises a case in which the Board was a named defendant. In *Sam v. Kwan, et al.* (BC721121), the managing member of Chino Americana Concepts 20133303 LLC ("Chino Americana"), the company that sold LAFPP its office parking lot in 2015, alleged it was unaware of, and never approved, the sale. The plaintiff sought title to the parking lot as well as monetary damages from the Board's co-defendants. On August 14, 2020, the court granted the Board's motion for summary judgment as to the plaintiff's causes of action against the Board. The court entered judgment consistent with its ruling on the motion for summary judgment at the conclusion of the case. On June 18, 2021, the plaintiff filed a notice of appeal. On October 7, 2021, the Second Appellate District Court dismissed the plaintiff's appeal for failure to pay required court fees on time. The plaintiff cured this deficiency and is preparing to file an appeal.

The City Attorney also supervises two related lawsuits pending in Delaware District Court and Los Angeles Superior Court. The cases, *In re ASHINC Corporation, et al. v. Yucaipa American Alliance Fund I, LLC et al.* (12-11564-CSS, Adv. Proc. No. 21-51179) and *Youngman v. Yucaipa American Alliance Fund I, LLC et al.* (21STCV37137), name LAFPP as a defendant because of its investment as a limited partner in Yucaipa American Alliance Fund I ("Yucaipa"). The plaintiff seeks the return of distributions Yucaipa made to its limited partners from 2017 to 2019, to satisfy judgments obtained in bankruptcy court against Yucaipa entities. Defendants, including LAFPP, filed motions to dismiss on June 1, 2022 that are pending before the Delaware District Court.

The City Attorney is handling a federal lawsuit, *Williams v. City of Los Angeles et al.* (2:22-cv-05640-CJC-JC), in which the Board and Plan staff members were named as defendants. The plaintiff is LAFPP Member Ronald Williams, who retired from LAPD on August 1, 1987. The plaintiff alleges that the defendants violated state and federal law by refusing to comply with a peremptory writ of mandate issued against the City in 1988, and later vacated by the California Court of Appeal in 1991. He filed this federal action seeking reinstatement to LAPD and $10 million in damages. The City Attorney filed a motion to dismiss in this action and responded to his motion for declaratory judgment, which are pending before the court.

Lastly, the City Attorney is handling a petition for writ of mandamus from LAFPP Member John Nguyen in *Nguyen v. Los Angeles City Fire and Police Pension System* (22STCP03218). The plaintiff asks the Los Angeles Superior Court to invalidate the Board's decision to grant him a nonservice-connected disability pension rather than a service-connected disability pension. The court has not set a trial and briefing schedule.

RETIREE HEALTH SUBSIDY LITIGATION

In fiscal year 2021-2022, there were two cases before the courts that involved the retiree health insurance premium subsidy program that LAFPP administers ("retiree medical subsidy"). Both pending actions were brought by the Los Angeles Police Protective League against the Board and the City.

The two cases (the "LAPPL I Action" and the "LAPPL II Action") both seek to determine what retiree medical subsidy benefit the additional 2% salary contribution provides members who make the contribution under the unions' and City's 2011 Letter of Agreement ("LOA"). The union argues that the 2% contribution grants members the ceiling amount under Los Angeles Administrative Code ("LAAC") § 4.1167, meaning either 7% or the medical trend rate for that year, whichever of the two is lower, with no discretion reserved to the LAFPP Board. The City argues that the 2% contribution gives members only the right to get out from under the 2011 Freeze Ordinance and participate in the process that existed under LAAC § 4.1154(e) prior to the 2011 Freeze Ordinance. Under the pre-Freeze Ordinance process, the LAFPP Board may exercise its discretion in setting the annual subsidy rate and can set it up to the maximum amount of 7% or the medical trend rate, whichever is lower.

In the LAPPL I Action, on April 15, 2016, the plaintiffs agreed to dismiss LAFPP from the action in exchange for LAFPP's agreement to be bound by the final judgment rendered in the case. Until a court of competent jurisdiction renders a final judgement on the interpretation of the LOA, LAFPP has a fiduciary duty to follow LAAC § 4.1154(e) as written, and its Board must continue to exercise its discretion in setting the retiree medical subsidy as it did before the 2011 Freeze Ordinance.

The LAPPL Action I proceeded to trial, and on November 1, 2016, the trial court ruled in favor of the plaintiffs, finding that the language of the LOA was unambiguous without weighing the conflicting evidence regarding the interpretation of the LOA and the parties' intent. The City appealed, and on October 30, 2018, the Second District Court of Appeal reversed and remanded the case for further proceedings consistent with the Court of Appeal's decision. In its decision, the Court of Appeal found that the provisions at issue in the LOA were ambiguous, which required the trial court to consider and weigh the evidence of the parties' intent in its interpretation of the provisions, which the trial court did not do.

While the LAPPL Action I was pending on appeal, on August 10, 2017, the union filed LAPPL Action II. The LAPPL Action II raises the same issues as the LAPPL Action I regarding the 2% contribution and the interpretation of the LOA, but also asserts new breach of fiduciary duty claims against LAFPP, which preserves the union's rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the union lose the issues in the pending LAPPL Action I. On July 3, 2018, the LAPPL filed a First Amended Complaint, asserting the same claims based on LAFPP's 2018 discretionary action in setting the subsidy. The union filed a Second Amended Complaint to add LAFPP's 2019 and 2020 discretionary actions in setting the subsidy. The union later sought to file a Third Amended Complaint to add LAFPP's 2021 discretionary actions in setting the subsidy, and on or around August 11, 2021, the parties stipulated to permit the union to file its Third Amended Complaint.

Upon remand of the LAPPL I Action back to the Superior Court, the case was reassigned to Judge Holly Fujie for further trial proceedings. The City filed a motion to consolidate the two actions before Judge Fujie, which the Court granted. On September 30, 2019, Judge Fujie ordered that the case be heard in phases. In Phase One, the LOA interpretation issues common to LAPPL I and LAPPL II are to be heard in a bench trial. Upon resolution of Phase One, the Court will then address the residual fiduciary duty claims against LAFPP unique to LAPPL II.

On September 20 and 21, and October 28, 2021, Judge Fujie held a bench trial in Phase One of the consolidated action. On May 2, 2022, Judge Fujie issued the trial court's Final Statement of Decision for Phase One in favor of the City on the LOA interpretation issues. On June 23, 2022, the union plaintiff appealed the trial court's Final Statement of Decision for Phase One. As of June 30, 2022, Phase One of the consolidated action is pending on appeal and Phase Two continues to be stayed pending the final resolution of Phase One.

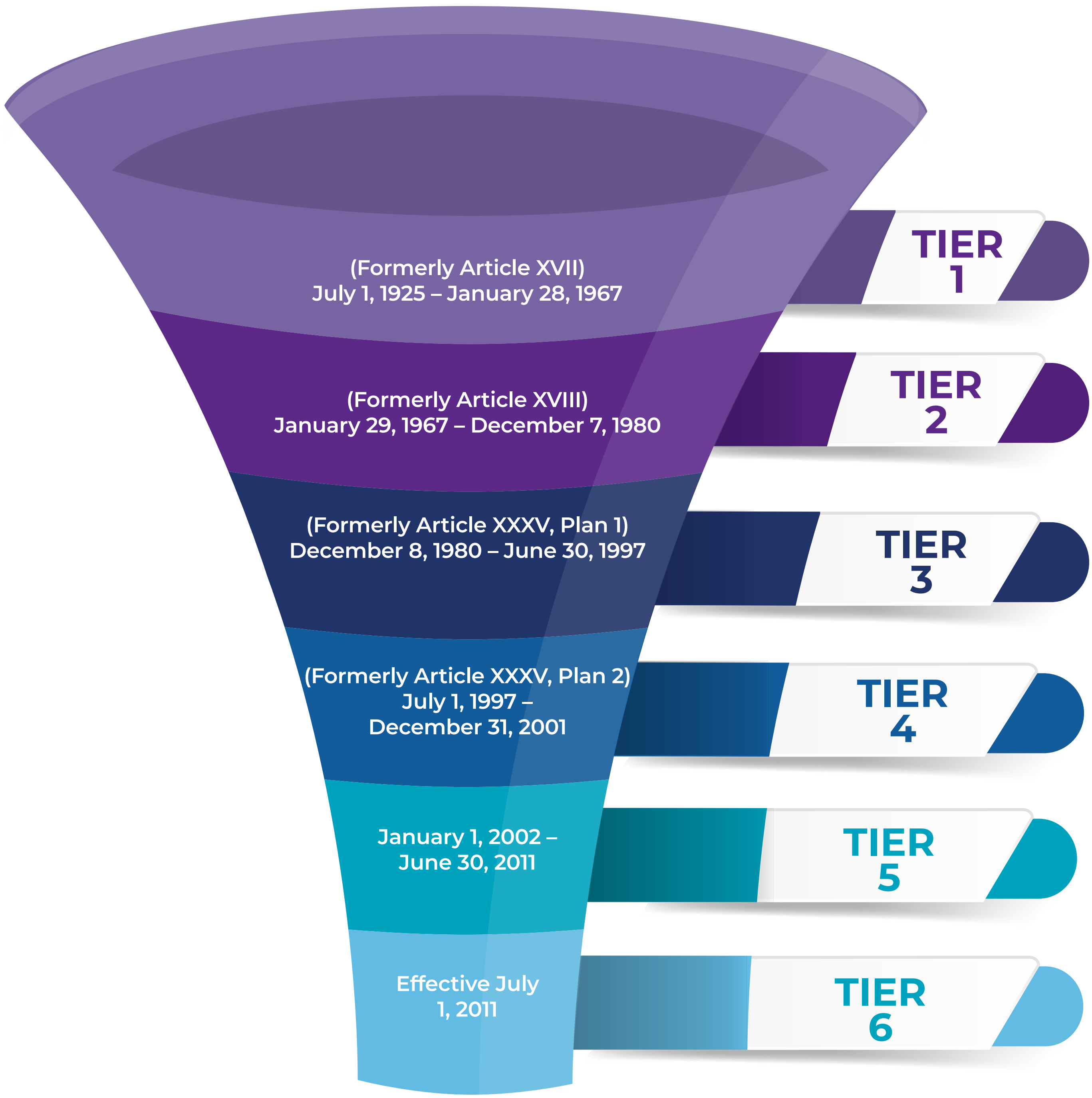
CURRENT STATUS OF THE RETIREE MEDICAL SUBSIDY

As a result of the outcome in the Fry Action, which concluded in the 2016-2017 fiscal year, LAFPP continues to provide a subsidy frozen at the 2011 levels to current and future retired members who chose not to "opt-in" and contribute an additional 2% of their salaries in order to avoid the consequences of the Freeze Ordinance.

With regard to the LAPPL Action I and LAPPL Action II, until a final judgment is rendered on the LOA issues, LAFPP will continue to abide by its fiduciary duty to follow LAAC § 4.1154(e) as written and to set and implement the retiree health insurance premium subsidy increases in the same manner as it did prior to the 2011 Freeze Ordinance for members who opted-in to pay the 2% contribution. This means that the LAFPP Board continues to exercise its discretion provided under the Los Angeles Administrative Code to set the subsidy up to and including the medical trend rate or 7%, whichever is lower, until the courts render final judgment.

SECTION 8
SUMMARY OF PLAN PROVISIONS

FIRE AND POLICE PENSION PLANS



PENSION BENEFIT PROVISIONS

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
1. Service Retirement					
a. Eligibility	20 years of service		***Tier 3:*** Age 50 with 10 years of service ***Tier 4:*** 20 years of service	Age 50 with 20 years of service	
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension As a Percentage of Salary Base	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1-2/3% for each additional year between 25 and 35 years of service Maximum of 66-2/3% for 35 or more years of service	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service Maximum of 70% for 30 or more years of service	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service Maximum of 70% for 30 or more years of service	50% at 20 years of service, plus 3% for each additional year (except 4% at 30 years of service) Maximum of 90% for 33 or more years of service	40% at 20 years of service, plus 3% per year for years 21 through 25, 4% per year for years 26 through 30, and 5% per year for years 31 through 33 Maximum of 90% for 33 or more years of service
2. Service-Connected Disability					
a. Eligibility	Work related No age or service requirements				
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension As a Percentage of Salary Base	50% to 90% depending on severity of disability, with a minimum of member's Service Pension percentage rate		30% to 90% depending on severity of disability, with a minimum pension equal to the greater of 2% per year of service or 30%		
3. Nonservice-Connected Disability					
a. Eligibility	Not work related Five years of service				
b. Salary Base	Nonservice-Connected Pension Base (Highest monthly salary as of member's retirement for basic rank of Firefighter III or Police Officer III, and the highest length of service pay)		Final Average Salary (One-year average monthly salary)		Final Average Salary (Two-year average monthly salary)
c. Pension As a Percentage of Salary Base	40%		30% to 50% depending on severity of disability		

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
4. Service-Connected Death or Death After Service-Connected Disability					
a. Eligibility	Work related No age or service requirements				
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for former Tier 2 members*	Final Average Salary (Two-year average monthly salary)
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit As a Percentage of Member's Salary Base	50% of Normal Pension Base	50% of Normal Pension Base OR 55% of Normal Pension Base with 25 years of service	**SERVICE-CONNECTED DEATH** 75% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** 75% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service-Connected Disability Pension Otherwise, 60% of the member's Service-Connected Disability Pension	**SERVICE-CONNECTED DEATH** ***Former Tier 2:*** 75% of Normal Pension Base ***All Other Tier 5:*** 75% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 75% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service Connected Disability Pension Otherwise, 60% of the member's Service-Connected Disability Pension	**SERVICE-CONNECTED DEATH** 80% of Final Average Salary **DEATH AFTER SERVICE-CONNECTED DISABILITY** 80% of Final Average Salary if the death is due to service-connected cause(s) and occurs within 3 years after the effective date of the Service-Connected Disability Pension Otherwise, 80% of the member's Service-Connected Disability Pension

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
4. Service-Connected Death or Death After Service-Connected Disability (continued)					
d. Eligible Children's Benefit As a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/ guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			
5. Death While Eligible to Receive a Service Pension on Account of Years of Service					
a. Eligibility	20 years of service		***Tier 3:*** 10 years of service ***Tier 4:*** 20 years of service	20 years of service	
b. Salary Base	Normal Pension Base (Final monthly salary rate)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for Former Tier 2 members*	Final Average Salary (Two-year average monthly salary)

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
5. Death While Eligible to Receive a Service Pension on Account of Years of Service (continued)					
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit As a Percentage of Member's Salary Base	100% of accrued service retirement the member would have received, not to exceed 50% of Normal Pension Base	100% of accrued service retirement the member would have received, not to exceed 55% of Normal Pension Base	80% of service retirement the member would have received, not to exceed 40% of Final Average Salary	***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 40% of Final Average Salary	50% of Final Average Salary
d. Eligible Children's Benefit As a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/ guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
6. Death After Service Retirement					
a. Eligibility	Member was receiving a Service Pension				
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	Same as the member's pension percentage, not to exceed 50% of the member's Normal Pension Base	Same as the member's pension percentage, not to exceed 55% of the member's Normal Pension Base	60% of the member's pension benefit	***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 60% of the member's pension benefit	70% of the member's pension benefit
c. Eligible Children's Benefit As a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/ guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
d. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
7. Nonservice-Connected Death or Death After Nonservice-Connected Disability					
a. Eligibility	Five years of service				
b. Salary Base	Nonservice-Connected Pension Base (Highest monthly salary as of member's death or retirement for basic rank of Firefighter III or Police Officer III, and the highest length of service pay)		Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) *Except as noted for former Tier 2 members*	Final Average Salary (Two-year average monthly salary)
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit As a Percentage of Member's Salary Base	40% of the member's Nonservice-Connected Pension Base		**NONSERVICE-CONNECTED DEATH** 30% of Final Average Salary or, if eligible to retire based on years of service, 80% of the pension the member would have received, not to exceed 40% of Final Average Salary **DEATH AFTER NONSERVICE-CONNECTED DISABILITY** 60% of the member's pension benefit	**NONSERVICE-CONNECTED DEATH** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 30% of Final Average Salary or, if eligible to retire based on years of service, 40% of Final Average Salary **DEATH AFTER NONSERVICE-CONNECTED DISABILITY** ***Former Tier 2:*** Same benefit as Tier 2 ***All Other Tier 5:*** 60% of the member's pension benefit	**NONSERVICE-CONNECTED DEATH** 50% of Final Average Salary ***Note:*** If the member's death occurs while on military leave and is a result of his/her military duties, 50% of Final Average Salary ***DEATH AFTER NONSERVICE-CONNECTED DISABILITY*** 70% of the member's pension benefit

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
7. Nonservice-Connected Death or Death After Nonservice-Connected Disability (continued)					
d. Eligible Children's Benefit As a Percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) Benefit	If no QSS, the eligible children will receive a monthly pension equal to the pension the QSS would have been eligible to receive Otherwise, the QSS/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/ guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 unless child is disabled before age 21	If no QSS/QSDP, the eligible children will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive Otherwise, the QSS/QSDP/guardian receives an additional: • 25% for one child • 40% for two children • 50% for three or more children Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21		
e. Eligible Dependent Parent Benefit	If no QSS or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS would have been eligible to receive	If no QSS/QSDP or eligible children, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive			

PENSION BENEFIT PROVISIONS, CONT.

<table>
<tr><th></th><th>TIER 1</th><th>TIER 2</th><th>TIERS 3 AND 4</th><th>TIER 5</th><th>TIER 6</th></tr>
<tr><td colspan="6">8. Cost of Living Adjustments (COLA)</td></tr>
<tr><td>a. Generally Applicable Provisions</td><td colspan="2">Full annual COLA increase or decrease
COLAs compound and are based upon the Consumer Price Index for local urban Consumers
Survivors' pension includes the percentage of COLAs applied to the member's pension prior to death</td><td>Annual COLA increase or decrease up to 3%
COLAs compound and are based upon the Consumer Price Index for local urban consumers
Pro rata adjustment in the first year of retirement
City Council may grant discretionary COLA increases once every three years
Survivor's pension includes the percentage of COLAs applied to the member's pension prior to death</td><td colspan="2">Annual COLA increase or decrease not to exceed 3%
Amounts above 3% are banked to be credited during years when the Consumer Price Index is below 3%
COLAs compound and are based upon the Consumer Price Index for local urban consumers
Pro rata adjustment in the first year of retirement
City Council may grant discretionary COLA increases once every three years - member's COLA Bank is reduced
Survivor's pension includes the percentage of COLAs applied to the member's pension prior to death</td></tr>
<tr><td>b. Effective Date of COLA:
i. Service Retirement</td><td>Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have been age 55</td><td>Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have completed 25 years of service</td><td colspan="3">Annual adjustments commence on the July 1 following the effective date</td></tr>
<tr><td>ii. Service-Connected Disability, Service-Connected Death</td><td colspan="5">Annual adjustments commence on the July 1 following the effective date</td></tr>
<tr><td>iii. Nonservice-Connected Disability, Death After Nonservice-Connected Disability</td><td>Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier</td><td>Annual adjustments commence on the July 1 following the date the member would have completed 25 years of service or 5 years after the effective date of the member's pension, if earlier</td><td colspan="3">Annual adjustments commence on the July 1 following the effective date</td></tr>
</table>

PENSION BENEFIT PROVISIONS, CONT.

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
8. Cost of Living Adjustments (COLA) (continued)					
iv.Nonservice-Connected Death	Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier	While Eligible for Service Retirement - Annual adjustments commence on the July 1 following the later of the effective date or the date the member would have completed 25 years of service While Not Eligible for Service Retirement – Annual adjustments commence on the July 1 following the date the member would have completed 26 years of service or 5 years after the effective date of the survivor's pension, if earlier	Annual adjustments commence on the July 1 following the effective date		
v. Death After Service-Connected Disability	Annual adjustments commence on the July 1 following the date the member would have been age 55 or 5 years after the effective date of the pension, if earlier	Annual adjustments commence on the July 1 following the effective date			
9. Member Contributions As a Percentage of Pay					
	6% No member contributions required after 30 years of service	6% plus 1/2 cost of cost-of-living benefit up to 1% No member contributions required after 30 years of service	8% No member contributions required after 30 years of service	9% City pays 1% of the 9% if the Plan is at least 100% actuarially funded for pension benefits No member contributions required after 33 years of service	11% 2% of the 11% pension contribution supports the funding of the retiree health subsidy benefits. This portion will cease once the member attains 25 years of service No member contributions required after 33 years of service

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
10. Qualified Survivors					
a. Qualified Surviving Spouse (QSS) or Qualified Surviving Domestic Partner (QSDP) Eligibility Requirements: **i. Nonservice-Connected Death**	Married to spouse at least one year prior to the date of the nonservice-connected death and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the date of the nonservice-connected death and as of the date of death			
ii. Service-Connected Death	Married to spouse as of the date of the service-connected death	Married to spouse or declared/registered domestic partner as of the date of the service-connected death			
iii. Death After Service Retirement	Married to spouse at least one year prior to the effective date of the Service Pension and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the effective date of the Service Pension/DROP entry and as of the date of death			
iv. Death After Nonservice-Connected Disability	Married to spouse at least one year prior to the effective date of the Nonservice-Connected Disability Pension and as of the date of death	Married to spouse or declared/registered domestic partner at least one year prior to the effective date of the Nonservice-Connected Disability Pension and as of the date of death			
v. Death After Service-Connected Disability	Dependent upon the member's retirement status and cause of death	Married to spouse or declared/registered domestic partner as of the effective date of the Service-Connected Disability Pension and as of the date of death			
b. Minor Child Eligibility Requirements	Legitimate or adopted child of the deceased member, until age 18 or marries, whichever occurs first		Child or adopted child of the deceased member, until age 18 (22 if in school full time) or marries, whichever occurs first		
c. Dependent Child Eligibility Requirements	Legitimate or adopted child of the deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood		Child of the deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood		
d. Dependent Parent Eligibility Requirements	Natural parent of the deceased member who had at least one-half of his/her necessary living expenses provided by the member for at least one year prior to the member's death and is unable to pay his/her necessary living expenses without the pension		Parent of the deceased member who had at least one-half of his/her necessary living expenses provided by the member for at least one year prior to the member's death and is unable to pay his/her necessary living expenses without the pension		

MISCELLANEOUS BENEFIT PROVISIONS

11. Basic Death Benefit

Applicable to Tiers 3 - 6
Beneficiary receives a refund of contributions with interest. In addition, if the member had at least one year of service, the Qualified Survivor receives a limited pension payable in monthly installments as follows: for each year of service completed by the member, the Qualified Survivor receives two payments equal to one-half of the member's Final Average Salary, not to exceed 12 monthly payments for six or more years of service.

12. Deferred Pension Option

Applicable to Tiers 3, 5, and 6
Tier 3: Upon termination, the member can elect the Deferred Pension option if he/she has at least 10 years of service and leaves his/her contributions in the Fund. At age 50, the member is entitled to receive a Service Pension.

Tiers 5 and 6: Upon termination, the member can elect the Deferred Pension option if he/she has at least 20 years of service and leaves his/her contributions in the Fund. At age 50, the member is entitled to receive a Service Pension using the Tier 3 Service Pension percentages.

13. Deferred Retirement Option Plan (DROP)

Not applicable to Tier 1
Tiers 2 and 4: At least 25 years of service
Tiers 3, 5 and 6: At least 25 years of service and at least age 50

The member must be on an active duty/working status at the time of DROP entry.
While in DROP, the member's monthly pension, including any applicable cost of living adjustments, is posted to a nominal account that is credited with a guaranteed annual interest rate of 5%.

Members who entered DROP prior to February 1, 2019 may participate for a maximum of five years, after which they are required to terminate sworn employment and exit DROP.

Applicable to members who enter DROP on or after February 1, 2019
Participation in DROP will be suspended for any calendar month in which a participant does not spend at least 112 hours on "active duty" status.

> Exception: If a participant sustains a serious injury on duty and is admitted to the hospital for a minimum of three consecutive days as a direct result of that injury, their participation will not be suspended during the first 12 calendar months following the date of injury.

If a member's DROP participation is suspended, he/she is eligible to participate in DROP for a maximum of 30 additional months beyond his/her original five year/60-month participation period. The participation period can only be extended for as many months as the member's participation was suspended and no interest is credited to the member's DROP account following the initial five year/60-month participation period.

Death of a DROP Member
For the purpose of survivor benefits, DROP members are considered retired. Qualified Survivors receive the benefits outlined in *Section 6 - Death After Service Retirement*, while the proceeds in the member's DROP account are paid to the named DROP beneficiary.

In the event of a service-connected death, the Qualified Surviving Spouse/Domestic Partner has the option to forfeit the member's DROP account and collect a monthly benefit as outlined in *Section 4 - Service-Connected Death.*

14. Optional Form of Benefit for Qualified Surviving Spouse (QSS) / Qualified Surviving Domestic Partner (QSDP)

Applicable to Tiers 3 - 6
At any time prior to the first payment of a Service or Disability Pension, or entering DROP, the member may elect a higher QSS/QSDP benefit with a corresponding actuarial reduction in his/her retirement benefit.

MISCELLANEOUS BENEFIT PROVISIONS, CONT.

15. Public Service Purchase (PSP) Program

Not applicable to Tier 1
Members may purchase service credit for time served in the military or with other public agencies, subject to requirements and limitations established by the City Council.
Purchased service must be for a minimum of six months, but no more than four years of full time, uninterrupted service.
Purchased service will only count toward increasing the member's monthly pension allowance and any survivorship benefits.
Purchases must be initiated and finalized prior to entering DROP or retiring, whichever occurs first.

16. Return of Contributions with Interest

Tiers 1 and 2: On termination or death if no other benefits are payable.
Tiers 3, 5, and 6: On termination or death if no other benefits are payable (except Basic Death Benefit).
Tier 4: Upon death if no other benefits payable (except Basic Death Benefit). No refund upon termination.

17. Survivor Benefit Purchase Program

A retired member may make a one-time, irrevocable election to purchase a survivor benefit for a spouse married in retirement or a domestic partner declared/registered in retirement by taking an actuarial reduction in his/her retirement benefit.

18. Opt-In Contribution

Applicable to Tiers 2 - 5
Members in Tiers 2 - 5 who: (1) enter DROP or retire on or after July 15, 2011 and (2) elected to make the additional 2% opt-in contribution will receive a non-frozen health subsidy benefit in retirement. The additional pension contribution supports the funding of the retiree health benefits and will cease once the member has contributed for 25 years or retires.

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES

19. Health Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
a. Age	If the retirement date is: 1. On or after 7/1/1998 – at least age 55 2. Prior to 7/1/1998 – at least age 60	Member (retired sworn officer) must be at least age 55, if he/she was still alive If the member died in the line of duty, medical benefits are provided by the Personnel Department
b. Years of Service	At least 10 years of service (YOS), except for a Tier 6 member who retires on a Service-Connected Disability Pension	Member (retired sworn officer) must have had at least 10 years of service (YOS)
c. Pension Type	Service or Disability Pension	QSS/QSDP Pension
d. Eligible Plans	Health subsidies may be applied to one of the following: 1. A Board-approved plan: – United Firefighters of Los Angeles City – Los Angeles Firemen's Relief Association – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners 2. Any state-regulated, comprehensive major medical insurance plan with proof of premium and payment approved through the Health Insurance Premium Reimbursement Program	Health subsidies may be applied to one of the following: 1. A Board-approved plan: – United Firefighters of Los Angeles City – Los Angeles Firemen's Relief Association – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners 2. Any state-regulated, comprehensive major medical insurance plan with proof of premium and payment approved through the Health Insurance Premium Reimbursement Program
e. Medicare Enrollment Requirements	Most retirees and their covered dependents qualify for Medicare at age 65 May qualify for Medicare prior to age 65 due to disability Enrollment in: – Medicare Part A: Required only if the retiree or covered dependent is eligible for Part A free of charge – Medicare Part B: Required	Most QSS/QSDPs qualify for Medicare at age 65 May qualify for Medicare prior to age 65 due to disability Enrollment in: – Medicare Part A: Required only if the QSS/QSDP is eligible for Part A free of charge – Medicare Part B: Required
f. Non-Medicare, Medicare Part B Only Subsidy Formula	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the health insurance plan premium ***Note:*** Members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the single-party health insurance plan premium ***Note:*** QSS/QSDPs of members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES, CONT.

19. Health Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
g. Medicare Subsidy Formula	10-14 YOS – 75% of maximum subsidy 15-19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the health insurance plan premium Dependent subsidy may apply Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** Members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011	10-14 YOS – 75% of maximum subsidy 15-19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the single party health insurance plan premium Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** QSS/QSDPs of members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011
h. Dependent Coverage	The health subsidy may be used to cover spouses, domestic partners and children Children may be covered until age 26	The QSS/QSDP may cover eligible dependents on his/her health plan. However, the subsidy payment may not exceed the single party health insurance plan premium

20. Dental Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
a. Age	At least age 55	QSS/QSDPs are not eligible to receive a dental subsidy
b. Years of Service	At least 10 years of service (YOS)	N/A
c. Pension Type	Service or Disability	N/A
d. Eligible Plans	Dental subsidies may only be applied to one of the following Board-approved plans: – United Firefighters of Los Angeles City – Los Angeles Police Protective League – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners	Not eligible for a subsidy. However, QSS/QSDP may enroll in plans provided by one of the following Board-approved dental plan sponsors: – United Firefighters of Los Angeles City – Los Angeles Police Protective League – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners
e. Dental Subsidy Formula	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the single-party dental insurance plan premium	N/A

21. Reciprocity

There are no reciprocity agreements between outside agencies and the Fire and Police Pension Plan.

RECIPROCITY is:

-an agreement between public retirement systems to allow members to move from one public employer to another

-within a specific time limit

-without losing some valuable retirement and benefit rights

EXCESS BENEFIT PLAN

	TIER 1	TIER 2	TIERS 3 AND 4	TIER 5	TIER 6
22. Excess Benefit Plan (paid by the City's General Fund)					
Plan to supplement the benefits of certain highly compensated pensioners to the extent such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code	Yes	Yes	Yes	Yes	No

The Internal Revenue Code (IRC) Section 415(b) contains the provisions of federal law which limit the amount of annual retirement benefits payable directly from a plan sponsor for qualified defined benefit pension plans, such as the Los Angeles Fire and Police Pension Plan (LAFPP). The excess benefit limit typically only impacts highly compensated employees who have accrued significant retirement benefits. Under certain circumstances, any benefits in excess of this limit may be paid through an Excess Benefit Plan.

The IRC Section 415(b) limits the distribution amount paid to an individual from all of the plan sponsor's qualified defined benefit plans. The City created an Excess Benefit Plan (EBP) to allow members of Tiers 1 through 5 to receive a full formula-based retirement allowance, despite the LAFPP benefit exceeding the maximum IRC limit. The pensioner's total monthly retirement benefit will not change. The affected pensioners will receive one payment from LAFPP and the EBP payment directly from the City Controller's Office.

Members of Tier 6 are not included in the City's Excess Benefit Plan, which is authorized for Tiers 1-5 of the LAFPP by Division 4, Chapter 23 of the Los Angeles Administrative Code. Los Angeles City Charter Section 1720 restricts benefits payable to Tier 6 members to the IRC Section 415 limitations.

Disclaimer

The "Summary of Plan Provisions" describes in informal language, the provisions of Tiers 1 - 6. The intent is to summarize legal texts in a clear and concise manner. If there is a difference between this guide and the legal text outlined in the Los Angeles City Charter, the Los Angeles Administrative Code, the Internal Revenue Code, or other laws, the legal text prevails.

SECTION 9
MILESTONES

MILESTONES

1899-1901

The California State Legislature enacted legislation in 1899 that enabled cities and counties to establish pension systems for police officers and firefighters. The City of Los Angeles authorized a system for police officers effective June 7, 1899 and for firefighters effective June 10, 1901. It provided for a pension at age 60 after 20 years of service, at an amount of one-half of the salary of the rank held for one year preceding retirement. Disability and survivor benefits were also provided. Member contributions were set at $2 per month.

1911-1919

In 1911, a Los Angeles City Charter (Charter) amendment empowered the Los Angeles City Council (City Council) to make changes in the pension systems. Effective September 16, 1913, the City Council adopted an ordinance that lowered the minimum retirement age to 55 and eliminated member contributions. In 1919, ordinances were adopted allowing retirement after 20 years of service regardless of age.

1922

Fire and police pension plans were merged into one system.

1923-1925

The System began funding pension benefits on an actuarial basis effective January 29, 1923 and a provision was added to increase pensions for members with more than 20 years of service based on a formula of 1-2/3% for each year of service over 20, up to two-thirds of the salary of the rank held at retirement. The new City Charter that became effective July 1, 1925 added a provision that Service and Disability Pensions would remain fixed amounts.

1927

Members entering service after January 17, 1927 would receive a pension after 25 years of service equal to 50% of the average salary during the three years preceding retirement, plus 1-2/3% for each of the next 10 years of service. A monthly limit of $1,800 for Service Pensions was established. Member contributions to the System were set at 4% of salary. Pensions for widows were made fixed amounts.

1933

The actuarial funding requirements were eliminated and the System was placed on a "pay-as-you-go" basis effective May 15, 1933.

1947

Members hired after January 17, 1947 could retire after 20 years of service with a pension equal to 40% of the average salary of the last three years of service, plus an additional 2% for each of the next five years of service, and 1-1/3% for each of the next 10 years of service. A maximum pension of two-thirds of the average salary was retained, with a cap based on the salary level of a Fire Battalion Chief or Police Captain. Member contributions were increased from 4% to 6% of salary.

Effective June 16, 1947, a Charter amendment created a Nonservice-Connected Disability Pension of 40 percent of the highest salary attached to the rank of firefighter or police officer; an equal amount was to be paid to any surviving spouse, with additional percentages allowed for unmarried minor children under the age of 18.

1957

The maximum limit attached to rank for Service Pensions was removed effective April 18, 1957.

1958

The California Supreme Court ruled that the 1925 Charter provisions for fixed pensions did not apply to members employed prior to July 1, 1925, nor to surviving spouses of members employed prior to January 17, 1927.

1959

Effective May 6, 1959, the System was again funded on an actuarial basis with a 50-year amortization period for the unfunded liabilities. Investment provisions were changed to permit investment of up to 35% of fund assets in common stocks.

1961

A one-time cost of living increase was provided for all member and surviving spouse pensions based on service-connected disability or death.

1967

Tier 1 (formerly Article XVII) was extensively amended, and a new Tier 2 pension plan (formerly Article XVIII) was adopted effective January 29, 1967, providing:

- A pension equal to 55% of the final monthly salary rate at retirement with 25 years of service, plus an additional 3% for each year of service over 25, up to a maximum pension of 70% of salary at retirement with 30 years of service;
- A 2% cap on the annual cost of living adjustment to all member and surviving spouse pensions that were based on length of service; and
- A minimum pension of $250 per month to be adjusted each year by the cost of living formula.

Other changes included the extension of the amortization period for the unfunded liabilities to 70 years and changes to the investment authority to provide for mortgage investments and public improvement financing.

1968

Overtime compensation was excluded from the computation of contributions and benefits under Tiers 1 and 2.

1969

Amendments to Tiers 1 and 2 effective May 2, 1969 applied cost of living adjustments to Disability and Survivor Pensions. Service Pensioners were allowed to apply for return-to-active duty under certain conditions and restrictions.

The authorized limit for common stock investments was raised to 50% of fund assets.

1971

Tiers 1 and 2 were amended effective July 1, 1971 to remove the 2% per year cost of living ceiling from all eligible pensions and pegged increases to the Consumer Price Index; to increase the minimum pension to $350 per month; to grant pension credit for partial years of service; and to add two elected employee members to the Board of Pension Commissioners.

1974

Tier 1 and 2 amendments enabled the City Council to adopt ordinances providing health insurance premium subsidy benefits and other programs for eligible pensioners.

1975

Amendments to Tiers 1 and 2 allowed cost of living adjustments for Service-Connected Disability Pensions on the July 1 following the date of retirement. Certain waiting periods for those eligible to receive this adjustment were eliminated.

The health insurance subsidy for retired members was paid for the first time this year beginning with the April 30, 1975 pension roll. Approximately $61,000 was expended for this purpose.

1976

LAFPP began providing health insurance premium subsidies to eligible retired members for their dependent's health insurance coverage.

1977

The mandatory retirement age provision of Tier 1 was eliminated effective April 15, 1977.

1980

A new Tier 3 Safety Members' pension plan, (formerly Article XXXV, Plan 1) was created effective December 8, 1980.

1981

Extensive revisions to the investment provisions of the Charter provided for:

1. The investment of up to 70% of fund assets in common stock and up to 25% of the 70% without dividend record and registration on a national securities exchange;
2. The investment of 35% of fund assets in short-term securities;
3. The appointment of a securities custodian bank;
4. A requirement to retain investment advisors registered under the Investment Advisor Act;
5. The selling and repurchasing of covered call options; and
6. Authority to conduct transactions and exchanges of securities without specific prior approval from the Board of Pension Commissioners, within established guidelines.

1982

Significant revisions to Tiers 1 and 2 provided a 3% cap on the cost of living adjustment for all future service earned by active members and a refund of member contributions upon termination.

Cost of living adjustments were prorated for the first year of retirement.

Paramedics and civilian ambulance drivers were transferred from the Los Angeles City Employees' Retirement System to Tier 3.

1983

Tier 1 and 2 active members were no longer required to contribute to the Pension System upon completion of 30 years of service.

1984

The City Charter was amended to permit banks and insurance companies to act as investment advisors to the System.

1985

Authority was extended to include investment in real estate by all City of Los Angeles pension systems.

1989

The System began pre-funding the health insurance premium subsidy benefits.

On April 26, 1989, in the case of the United Firefighters of Los Angeles City vs. the City of Los Angeles, the California Court of Appeals upheld the Los Angeles County Superior Court's judgment for the plaintiffs. As a result, the 3% cap on cost of living increases instituted in 1982 for Tier 1 and 2 members was lifted.

1990

A series of measures were enacted that allow the City to protect the integrity of the System in response to new tax code regulations. The waiting period was removed for cost of living adjustments for surviving spouses of members hired before December 8, 1980 who die in the line of duty.

1992

California Proposition 162, or the California Pension Protection Act of 1992, was on the November 3, 1992 ballot as an initiated constitutional amendment, where it was approved.

Proposition 162 made several changes to California's constitution relating to public retirement systems:

1. It gave the board of each public pension system complete authority for administration of the system's assets and for the actuarial function.
2. Each board is required to continue to provide benefits to members of the system and their beneficiaries, minimize employer contributions, and pay reasonable administrative costs. Proposition 162, however, specified that each board is to give highest priority to providing benefits to members and their beneficiaries.
3. Prop 162 specified that the Legislature cannot change terms and conditions of board membership, for boards with elected employee members, unless a majority of the persons registered to vote in the jurisdiction of the retirement system approves the change. For example, a change in a county retirement system's board membership would require a countywide vote.

1993

The Board of Pension Commissioners was given authority to increase investments under the "prudent person" provisions of the Charter from 25% to 50% of the stock portfolio.

Retired Tier 2 members may be recalled for up to one year after retirement.

1995

The amount of salary to be used to calculate pension benefits was capped at $150,000 (adjusted annually) for members hired on or after July 1, 1996.

The City Council was authorized to enact ordinances required to maintain the tax-qualified status of Tier 3 under federal law.

1996

In January 1996, a new federal law prohibited states from taxing retirement income of nonresidents.

Effective December 5, 1996, pension benefits to the qualified surviving spouse of a deceased firefighter or police officer continue even if the spouse remarries.

The City implemented an Internal Revenue Code provision that required the System to collect member contributions on a pre-tax basis. Previously, member pension contributions were collected after-tax from July 1, 1982 to December 21, 1996; and pre-tax before July 1, 1982.

1997

A new Tier 4 pension plan (formerly Article XXXV, Plan 2) was established effective July 1, 1997. All Tier 3 members hired between December 8, 1980 and June 30, 1997 were given until June 30, 1998 to make an irrevocable transfer to Tier 4.

The Charter was also amended to allow, at the discretion of the City Council, administrative expenses, which shall include investment management expenses, to be paid from fund assets.

The City Council approved an ordinance lowering the eligibility age to 55 for the health insurance premium subsidy for members retiring on or after July 1, 1998 with at least 10 years of service.

1999

The City Council was given authority to establish, by ordinance, survivor benefits for domestic partners and pension benefits for sworn employees brought into City employment by merger or contract for fire or police services.

A provision was established so that members hired July 1, 1997 through December 31, 1997 could irrevocably elect to transfer from Tier 4 to Tier 3. The provision allowed the Metropolitan Transportation Authority officers who merged into the Police Department to join either Tier 3 or Tier 4. A delay in the merger made it necessary to add this provision so that negotiated benefits could be provided.

2000

Effective January 17, 2000, domestic partners became eligible to receive survivor benefits under the same eligibility requirements as surviving spouses after filing a Declaration of Domestic Partnership with the Board of Fire and Police Pension Commissioners. Surviving spouses and domestic partners became eligible to receive a health insurance premium subsidy upon the member's death, subject to eligibility requirements.

The new City Charter became effective July 1, 2000. The primary changes affecting the System provided:

1. The official department name became the "Department of Fire and Police Pensions."
2. The plans were reorganized under a new Charter Article number. Articles XVII, XVIII, XXXV Plan 1, and XXXV Plan 2 are referred to as Tiers 1, 2, 3, and 4, respectively.
3. The Board of Fire and Police Pension Commissioners (Board) was expanded from seven to nine members to include an elected retired fire member and an elected retired police member.
4. The Board selects the General Manager, subject to confirmation by the Mayor and City Council, and may remove the General Manager, subject to confirmation by the Mayor.
5. Assistant General Manager positions are appointed on an exempt basis.
6. The powers, duties, and responsibilities of the Board are more expressly recognized and include:
   - A. Language consistent with the provisions of California Constitution Article XVI, Section 17;
   - B. The prudent person investment standard;
   - C. Sole and exclusive power to provide actuarial services;
   - D. Control over litigation and settlement of litigation that involves policies and funds under Board control; and
   - E. Deletion of the City Council's right to veto any Board decisions.
7. The definition of dependent parent was revised so that United States residency at the time of the member's death is no longer a requirement.

2001

Charter changes were approved to:

1. Enable the City Council to establish by ordinance a Deferred Retirement Option Plan (DROP).
2. Combine all tiers into a single plan for funding purposes.
3. Require the City Council to create, by ordinance, a new Tier 5 pension plan effective January 1, 2002.
4. Allow surviving spouses who remarried prior to December 5, 1996 to collect survivorship benefits.
5. Enable the City Council to provide by ordinance a dental subsidy for retirees.

2002

By City Council ordinance, a new Tier 5 pension plan became effective January 1. Active members of existing tiers could elect to irrevocably transfer to Tier 5 during the period from January 2, 2002 to December 31, 2002.

The DROP Program became effective May 1, 2002.

A dental subsidy for retirees became effective January 1, 2002.

Effective January 1, 2001, retirees and surviving spouses/domestic partners not able to enroll in a Board-approved health plan because they live out of state or outside the service area of a Board-approved HMO became eligible to receive a health insurance premium reimbursement. Administration of the program began in 2002, retroactive to the effective date.

The first payment under the Excess Benefit Plan was made. This plan was first authorized in 1990 to supplement the benefits to certain employees to the extent such benefits are reduced by the limitations on benefits imposed by Section 415 of the Internal Revenue Code of 1986, as amended. This plan is nonqualified under the Internal Revenue Code.

2003

Annual active member statements of service credit and recorded contributions were issued to members for the first time since 1985.

Based on recent federal and state legislation, active members may use funds from deferred compensation to purchase service credit.

2005

On January 20, 2005, an ordinance was enacted allowing former Tier 2 members who had prior service as paramedics or civilian ambulance personnel under the Los Angeles City Employees' Retirement System to purchase this period of service.

In the March 2005 election, the voters approved two Charter amendments. The first amendment authorized the City Council to adopt an ordinance to transfer the sworn Port Police Officers to Tier 5 of Fire and Police Pensions.

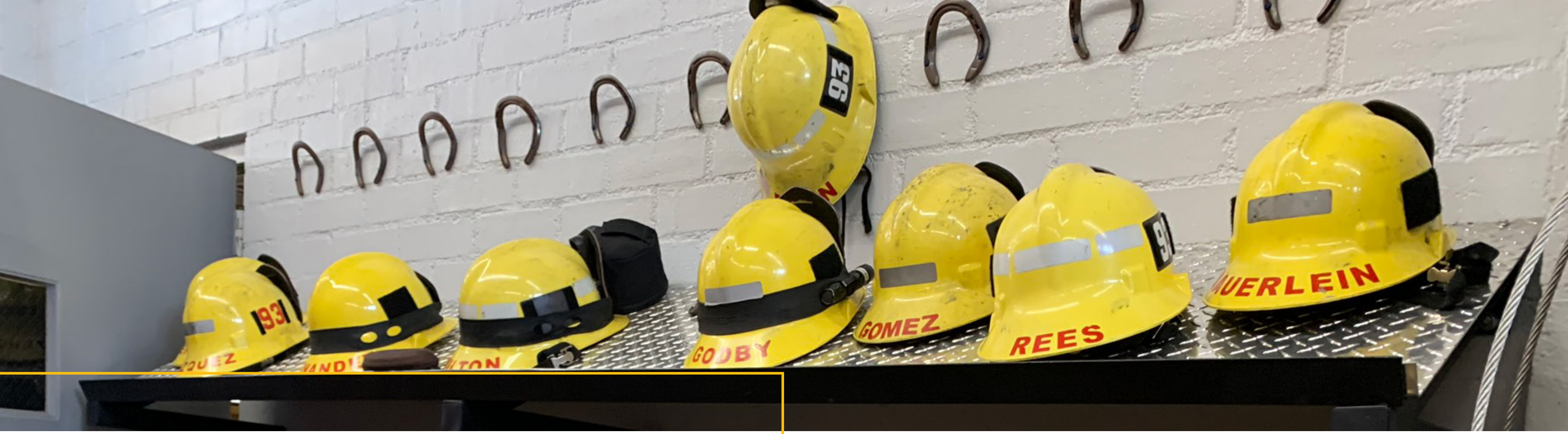
The second amendment provided the following:

1. Instituted return-to-duty provisions similar to those in Tier 2 to members in Tiers 3, 4, and 5.
2. Authorized the City Council to allow a City Defrayal of Employee Contributions by Ordinance. This means the City may pay a portion of the employee contributions to Tiers 3, 4, and 5, not to exceed 2% of the required contributions in lieu of a salary increase or a portion of an increase. This provision is to be used during Memorandum of Understanding negotiations as part of a total economic package and the cost will be evaluated at that time.
3. Authorized the City Council to set the maximum sworn retiree health insurance premium subsidy by ordinance. Prior to this change, the Charter limited the maximum sworn retiree health insurance premium subsidy to the lesser of the maximum active sworn member health subsidy or the maximum civilian retiree health subsidy. The City Council can delegate authority for setting sworn retiree subsidies to the Board of Fire and Police Pension Commissioners.

2006

An ordinance was effective January 4, 2006, which gave current Port Police Officers the choice of transferring to Tier 5 or remaining in the Los Angeles City Employees' Retirement System. Persons appointed on or after January 8, 2006, as specified in the ordinance, become members of Tier 5 upon graduation from academy training required by the Harbor Department.

The actuarial valuation of 2005 found the Plan less than 100% funded for pension benefits. As required by the Los Angeles Administrative Code, Tier 5 member contributions were increased to 9% effective July 1, 2006.



2007

The election period for sworn Port Police Officers to transfer to Tier 5 closed on January 5, 2007, with 40 Port Police Officers electing membership in Tier 5.

On February 1, 2007, the Board of Fire and Police Pension Commissioners (Board) created an Audit Committee, followed by the creation of an Internal Audit function within the System.

On March 6, 2007, voters passed a Charter amendment giving the City Council authority to establish, by ordinance, a voluntary Public Service Purchase Program.

The City Council approved an extension of DROP, commencing May 1, 2007 and ending April 30, 2012, and excluded participation by the Chief Engineer of the Fire Department and the Chief of the Police Department.

In July 2007, the System began audits of the retiree medical and dental plans offered by the Los Angeles Firemen's Relief Association, the Los Angeles Police Protective League, the Los Angeles Police Relief Association, and the United Firefighters of Los Angeles City. The scope of the audits included eligibility, benefits, administration, and financial analysis.

On September 6, 2007, the Board voted to revise its proxy voting guidelines to vote "FOR" shareholder proposals that request management to report on climate change. This change was in light of survey results released by an advocacy group known as the Carbon Disclosure Project (CDP). The study determined that 80% of U.S. companies believe that climate change poses commercial risks for their businesses. As a result, investors are encouraging more environmental disclosure from companies. The Supreme Court had ruled in April 2007 that greenhouse gases are a pollutant that may be regulated by the Environmental Protection Agency.

The first management audit of the System was conducted by Independent Fiduciary Services with the results released on December 3, 2007. Charter Section 1112 requires the City Controller, the Office of the Mayor, and the Los Angeles City Council to complete a management audit once every five years to be conducted by an independent, qualified management auditing firm. The purpose of the audit was to examine whether the System operates in the most efficient and economical manner. The audit found that the System was generally operating efficiently and in accordance with industry best practices, providing good investment returns overall, utilizing reasonable actuarial assumptions and methods, and pre-funding health insurance premium subsidy benefits.

2008

The City Council adopted the following amendments to the DROP Program:

1. July 3, 2008 - A DROP member who is subsequently appointed Fire or Police Chief prior to exiting DROP shall be allowed to rescind his/her DROP election.

2. November 4, 2008 - A definitive ending date for DROP was removed, and a member must be on an active duty/working status at the time of entry into the program.

2009

On March 3, 2009, voters passed two Charter amendments:

1. The first measure established a Survivor Benefit Purchase Program that allows retired members of the Plan to purchase, at their own expense, a survivor benefit for a spouse or domestic partner.

2. The second measure modified the Dependent (Disabled) Children Survivor Benefits provided by the Plan. Dependent Children may now marry or be adopted without losing the right to Dependent Child benefits. Additional payment options, which do not increase the amount of benefits payable, were also authorized. The Board of Fire and Police Pension Commissioners (Board) was granted the authority to pay Dependent Child benefits to a Special Needs Trust for the benefit of the disabled child.

On May 7, 2009, the Board terminated its contract with private equity consultant, Aldus Equity Partners. The termination was based in part on "pay-to-play" complaints filed against Aldus by the State of New York and the Securities and Exchange Commission. One of the founders of Aldus later pleaded guilty to felony securities fraud in the New York attorney general's pension fund corruption probe. In addition, two appointed commissioners resigned from the Board on this day.

On July 23, 2009, the Board adopted a "Contractor Disclosure Policy" to regulate the System's contractors and fine or terminate those who violate the policy. The policy complies with the provisions of Assembly Bill 1584 (later enacted into law on October 11, 2009), requiring the disclosure of gifts, campaign contributions, and meetings with the System's investment managers, consultants, and other contractors, to provide transparency and help avoid conflicts and the appearance of conflicts.

2010

On April 1, 2010, the Board retained Northern Trust Benefit Payment Services as the issuer for monthly pension payments. The Northern Trust Benefit Payment Participant Web Passport System replaced the outdated mainframe-based Retirement and Pension Payment System operated and maintained by the City of Los Angeles Office of the Controller and Information Technology Agency. In October 2010, the Plan issued pension payments utilizing the new benefit payment system for the first time. As a result of this transition, pensioners received 13 pension payments for Tax Year 2010, instead of the usual 12.

2011

On March 8, 2011, voters approved Charter Amendment G which:

1. Established a Tier 6 for new members effective July 1, 2011. As a result of pension reform, Tier 6 participants will be required to contribute 11%, 2% more than the Tier 5 maximum 9% contribution.

2. Removed the System's amortization policies from the Charter and the Los Angeles Administrative Code. Instead, these policies shall be adopted by the Board of Fire and Police Pension Commissioners upon the advice of its consulting actuary.

On July 15, 2011, the City Council adopted an ordinance to permanently freeze the retiree non-Medicare and Medicare health insurance premium subsidy benefits at the rates in effect on July 1, 2011 for members who enter DROP or retire on or after July 15, 2011. The ordinance also provided, per letters of agreement signed by each labor organization, an election period whereby the affected members could elect to unfreeze their retiree medical subsidy by making additional 2% "opt-in" contributions. The freeze does not apply to Tier 6 members, as they are required to contribute the additional 2%.

2012

On May 15, 2012, the City Council approved a City Administrative Officer report that recommended consolidating the Department of General Services, Office of Public Safety (OPS), into the Police Department (LAPD). The consolidation was adopted with an effective date of July 1, 2012. OPS employees who successfully transition to a regular LAPD sworn classification had two years to make an irrevocable election to opt out of the Los Angeles City Employees' Retirement System and become a member of the Fire and Police Pension System. The opt-out election must have been made no later than December 12, 2014.

2013-2014

On June 27, 2013 and January 8, 2014, the City issued Management Audit Interim and Final Reports, constituting the second Charter-mandated audit of the System. The two audit reports determined that, overall, the System is generally operating in an effective manner.

On August 8, 2014, the City Council adopted an ordinance to add DROP provisions for Tier 6 members.

By December 12, 2014, a total of 22 former Office of Public Safety (OPS) employees who transitioned to regular sworn classifications with the Police Department opted out of the Los Angeles City Employees' Retirement System (LACERS) and became members of Tier 6 of the Fire and Police Pension System.

2015

The Board of Fire and Police Pension Commissioners engaged Segal Consulting to perform an Internal Revenue Code operational compliance audit of the System. The purpose of the audit was to perform an independent review of the administrative operations and practices of the System to determine whether it meets the standards set forth in the Plan documents and is compliant with applicable federal tax laws. The audit concluded that the Plan is substantially in compliance with the requirements under the Internal Revenue Code, related Treasury Regulations and other applicable federal laws.

2016

In March 2016, after nearly 30 years of leasing office space in Little Tokyo, LAFPP relocated to a new headquarters facility located in the Los Angeles Downtown Arts District.

On February 18, 2016, the Board's Specialized Private Equity Investment Manager Program was modified to include for the first time, Lesbian, Gay, Bisexual and Transgender (LGBT) owned or disabled veteran owned funds. By adding these ownership groups to the specialized program, LAFPP provides the LGBT and disabled veteran communities access to institutional investment capital. Additionally, LAFPP was recognized as one of the first pension systems in the country to provide this access to the LGBT community.

On May 19, 2016, the Board approved disbanding standing committees (Audit, Benefits, and Governance) due to active engagement and attendance by all Board Members.

On November 8, 2016, voters approved a Charter amendment which would: 1) Enroll new Airport peace officers hired on or after January 7, 2018, into Tier 6 of the Fire and Police Pension System; 2) Allow Airport peace officers hired prior to January 7, 2018, to transfer into Tier 6 from LACERS at their own expense; and 3) Permit new Airport Police Chiefs to transfer into LACERS rather than participate in Tier 6.

2017

After serving over 42 years on the Board, Sam Diannitto resigned from the Board with September 22, 2017 being his last meeting. Commissioner Diannitto served as the Fire Active Board member from 1972 until his retirement in 1997. He then served as the first Retired Fire Board member from 2000 to September 30, 2017.

2018

Effective January 7, 2018, 42 of approximately 550 eligible Airport Police Officers elected to transfer from LACERS to LAFPP. This action was pursuant to the Charter amendment dated November 8, 2016, which allowed Airport peace officers hired prior to January 7, 2018, to transfer into Tier 6 from LACERS at their own expense.

In late 2018, the Board entered into formal contracts with Los Angeles Police Relief Association (LAPRA), Los Angeles Firemen's Relief Association (LAFRA), United Firefighters of Los Angeles City (UFLAC), and Los Angeles Police Protective League (LAPPL) for health and dental plan administration services. Under the new contracts, each of the plan administrators agreed to present annual reports to the Board, including critical information on pricing, covered benefits, and premium and administrative fee changes.

2019

In January 2019, following negotiations between the City and labor unions over concerns that members were taking extended periods of time off after entering DROP, the City Council adopted the following amendments to the DROP program:

1. Any member who enters DROP on or after February 1, 2019, shall have his/her participation in DROP suspended for any month in which he/she does not spend at least 112 hours on active duty.

2. Members who are injured on duty and hospitalized for 3 or more days are exempt from the above provision for the first year following the date of injury.

2020

In response to the global COVID-19 pandemic, all in-person seminars and member counseling services were transitioned to virtual sessions. As a continued effort to protect the health and safety of staff and members, coupled with the positive response to these new formats, all virtual services have become a permanent service delivery option.


POLICE
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LAFPP

To Serve Those Who Protect

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