

**CITY OF LOS ANGELES
FIRE & POLICE PENSION PLAN
ANNUAL ACTUARIAL VALUATION**

June 30, 2004



Submitted to
BOARD of FIRE and POLICE PENSION COMMISSIONERS

The City of Los Angeles Fire and Police Pension Plan
June 30, 2004 Actuarial Valuation

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October 14, 2004

Board of Fire and Police Pension Commissioners
360 East Second Street, Suite 400
Los Angeles, CA 90012

Members of the Board:

Results of the regular Annual Actuarial Valuation as of June 30, 2004 of The City of Los Angeles Fire and Police Pension Plan are summarized. The valuation is intended to provide a measure of the funding status of the retirement system and health subsidy benefits. This valuation forms the basis for the City contribution rates for the year beginning July 1, 2005.

Contributions	Retirement	Health
Normal Costs	14.92%	1.76%
Unfunded Amortization	-2.06%	1.07%
TOTAL	12.86%	2.83%

The member statistical data on which the valuation was based was furnished by staff, together with pertinent data on financial operations. Data was reviewed for reasonableness, but was not audited by the actuary.

There was an overall actuarial loss of \$366 million, which reflects 3.0% of related actuarial accrued liabilities as of June 30, 2003. This was partly offset by assumption changes that resulted in both a liability reduction of \$167 million dollars as well as normal cost reductions.

The cooperation of staff in furnishing materials requested for this valuation is deeply acknowledged with appreciation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH & COMPANY

Rick A. Roeder, E.A., F.S.A., M.A.A.A.

COMMENTS
&
VALUATION RESULTS

The City of Los Angeles Fire and Police Pension Plan

Comments & Recommendations

June 30, 2004

COMMENT A: The overall contribution rate has decreased from 16.88% to 15.69% of payroll. Actuarial losses in the investment area and medical premium reimbursement levels were more than offset by the impact of assumption changes.

COMMENT B: As we predicted last year, the overall funded ratio, using the actuarial value of assets, dropped below 100% from 101.3% to 99.5%. However, the funded ratio increased from 84% to 94% using the market value of assets.

However, the pension funded ratio still remains above 100% using the actuarial value of assets -- 103.0%. Our understanding is that this is the relevant ratio to determine whether Tier 5 employees will have to contribute an additional 1% to the plan.

COMMENT C: The excellent investment returns for the plan year are reflected in the increasing funded ratio on a market value basis. The actuarial value of assets defers recognition of 80% of the year's "good news" in the financial markets to the extent market returns exceed 8.5%. However, the healthy investment returns markedly reduced the deferred losses in the calculation of the actuarial value of assets from \$2 billion to \$700 million – an excellent development in regard to rate calculations over the next four valuations.

COMMENT D: At the September Board meeting, the Board elected to implement only the non-economic assumption changes recommended in our experience investigation. The Board elected not to implement our recommendation to reduce both the valuation investment assumption and the inflation assumption. While we consider your 8.5% assumed return to be at the high end of what might be deemed as "reasonable", understand that this investment assumption is above the median for funds your size.

We offer one additional comment on the assumed service retirement incidence changes adopted. Rates were lowered to reflect the very low incidence of service retirement during the experience investigation period. These retirement rates are as low as any we have seen in California in any system for public safety members. We would not be surprised to see retirement incidence increase during the next three years. Our sense is that part of the low retirement incidence was due to the added pension incentive to work a greater number of years under the recently created Tier 5.

The City of Los Angeles Fire and Police Pension Plan

Comments & Recommendations

June 30, 2004

COMMENT E: The percentage of active member payroll in Tier 5 should increase in each successive year as new hires are automatically placed in Tier 5. This year, the percentage increased from 83.0% to 83.9% of payroll.

COMMENT F: There will be two other aspects of the experience investigation that were not implemented in the 2004 valuation but will be as soon as administratively practical:

- 1) We are requesting that future data be provided with a field that shows gender. This makes sense due to the increasing female composition in the work force.
- 2) We would like to commence explicit recognition of DROP in the next valuation. This will require that we are provided with data relating to the initial DROP date and the pension at the beginning of a member's DROP period. This year, we maintained the past practice of not explicitly valuing DROP but continuing to assume benefit accruals for those members who have entered DROP as a rough approximation of the overall present value of benefits due the member.

COMMENT G: There were some significant increases in the maximum premium reimbursements that went into effect in July. For example, the maximum amount for married coverage for those retirees under age 65 increased from \$563 per month to \$668.

COMMENT H: Average valuation pay did not reflect a 3% pay increase granted on July 1, 2004.

COMMENT I: It is our understanding that the City has agreed to pay a \$500,000 annual contribution in addition to our computed rates to reflect a settlement with UFLAC in 1995. Page 12 shows the related amortization schedule for this added payment.

The City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
I. Total Membership						
A. Active Members						
· Fire - Nonvested	0	0	9	59	1,948	2,016
· Police - Nonvested	<u>0</u>	<u>1</u>	<u>700</u>	<u>371</u>	<u>5,752</u>	<u>6,824</u>
· Total - Nonvested	0	1	709	430	7,700	8,840
· Fire - Vested	0	114	32	10	1,330	1,486
· Police - Vested	<u>0</u>	<u>179</u>	<u>435</u>	<u>99</u>	<u>1,610</u>	<u>2,323</u>
· Total - Vested	0	293	467	109	2,940	3,809
Total Active Members	0	294	1,176	539	10,640	12,649
B. Pensioners						
· Service Retirement	253	6,297	57	43	395	7,045
· Disability Retirement	245	1,915	200	19	7	2,386
· Surviving Spouses and Dependents	<u>685</u>	<u>1,598</u>	<u>57</u>	<u>2</u>	<u>9</u>	<u>2,351</u>
Total Pensioners	1,183	9,810	314	64	411	11,782
C. Total Membership	1,183	10,104	1,490	603	11,051	24,431
II. Annual Compensation at June 30, 2004						
A. Total Compensation						
· Fire	0	10,456,074	3,255,294	5,231,324	266,215,952	285,158,644
· Police	<u>0</u>	<u>17,266,710</u>	<u>87,125,775</u>	<u>37,374,823</u>	<u>574,077,985</u>	<u>715,845,293</u>
· Total	0	27,722,784	90,381,069	42,606,147	840,293,937	1,001,003,937
B. Average						
· Fire	0	91,720	79,397	75,816	81,213	81,427
· Police	<u>0</u>	<u>95,926</u>	<u>76,763</u>	<u>79,521</u>	<u>77,979</u>	<u>78,260</u>
· Average		94,295	76,855	79,047	78,975	79,137
III. Average Monthly Benefit to Current Pensioners and Beneficiaries at June 30, 2004						
A. Service Retirement	\$1,868	\$3,893	\$2,652	\$3,033	\$6,182	\$3,993
B. Disability Retirement	2,195	3,848	3,639	3,639	4,524	3,584
C. Surviving Spouses and Dependents	<u>2,106</u>	<u>3,261</u>	<u>3,296</u>	<u>6,218</u>	<u>4,761</u>	<u>2,934</u>
D. All Pensioners	2,074	3,781	2,812	3,312	6,123	3,663

**The City of Los Angeles Fire and Police Pension Plan
Summary of Significant Valuation Results**

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Total
IV. Average Monthly Health Subsidy Benefits to Current Pensioners	\$322	\$387	\$390	N/A	\$420	\$384
V. Actuarial Value of Assets Available for						
A. Pension Benefits	(\$13,567,365)	\$6,609,946,120	\$362,013,084	\$183,509,908	\$4,593,794,433	\$11,735,696,180
B. Health Subsidy	<u>710,909</u>	<u>207,093,340</u>	<u>28,086,511</u>	<u>7,959,475</u>	<u>362,148,669</u>	<u>605,998,904</u>
C. Total	(\$12,856,456)	\$6,817,039,460	\$390,099,595	\$191,469,383	\$4,955,943,102	\$12,341,695,084
VI. Unfunded/(Surplus) Actuarial Accrued Liability						
A. Pension Benefits	\$262,933,036	(\$30,922,197)	\$20,822,238	\$829,597	(\$599,378,041)	(\$345,715,367)
B. Health Subsidy	<u>25,528,212</u>	<u>433,562,306</u>	<u>(2,601,743)</u>	<u>350,699</u>	<u>(53,775,971)</u>	<u>403,063,503</u>
C. Total	\$288,461,248	\$402,640,109	\$18,220,495	\$1,180,296	(\$653,154,012)	\$57,348,136
VII. Actuarial Funded Ratio						
A. Pension Benefits	-5.4%	100.5%	94.6%	99.5%	115.0%	103.0%
B. Health Subsidy	2.7%	32.3%	110.2%	95.8%	117.4%	60.1%
C. Total	-4.7%	94.4%	95.5%	99.4%	115.2%	99.5%
VIII. Budget Items						
A. Pension Benefits						
1. Normal Cost as a Percent of Pay	0.00%	21.30%	13.67%	11.56%	15.07%	14.92%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$23,014,960	-0.15%	-1.02%	-2.93%	-4.76%	-2.06%
B. Health Subsidy Benefits						
1. Normal Cost as a Percent of Pay	0.00%	1.39%	1.90%	1.29%	1.78%	1.76%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$2,234,526	2.15%	-6.42%	-4.41%	-0.63%	1.07%
C. Total Contribution (A+B)						
1. Normal Cost as a Percent of Pay	0.00%	22.69%	15.57%	12.85%	16.85%	16.68%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$25,249,487	2.00%	-7.44%	-7.34%	-5.39%	-0.99%

Note: Tier 2 Amortization of unfunded/(surplus) AAL percentages only are applied to payroll for all Tiers combined.

The City of Los Angeles Fire and Police Pension Plan

Funded Status of Retirement Benefits			
	June 30, 2004	June 30, 2003	Percent Change
Actuarial Accrued Liability			
Pensioners and Beneficiaries	\$7,220,704,621	\$6,993,956,999	3.2%
Active Members	<u>4,169,276,192</u>	<u>4,209,601,462</u>	-1.0%
Total	\$11,389,980,813	\$11,203,558,461	1.7%
Value of Assets Available for Retirement Benefits			
Market	11,039,889,520	9,793,087,872	12.7%
Actuarial	11,735,696,180	11,690,750,393	0.4%
Funding Ratio			
Market	96.9%	87.4%	
Actuarial	103.0%	104.3%	

Funded Status of Health Subsidy			
	June 30, 2004	June 30, 2003	Percent Change
Actuarial Accrued Liability			
Pensioners and Beneficiaries	\$705,071,732	\$677,060,564	4.1%
Active Members	<u>303,990,675</u>	<u>249,700,379</u>	21.7%
Total	\$1,009,062,407	\$926,760,943	8.9%
Value of Assets Available for Health Benefits			
Market	570,069,372	442,986,622	28.7%
Actuarial	605,998,904	592,539,000	2.3%
Funding Ratio			
Market	56.5%	47.8%	
Actuarial	60.1%	63.9%	

June 30, 2004

FUNDING OBJECTIVE

The funding objective of the Retirement System is to establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level from year to year and will not have to be increased for future generations of citizens.

CONTRIBUTION RATES

The System is supported by member contributions, City contributions, and investment income from Fund assets.

Contributions which satisfy the funding objective are determined by the annual actuarial valuation and are intended to:

1. cover the actuarial present value of benefits allocated to the current year by the actuarial cost method (the normal cost); and
2. finance over a period of future years the actuarial present value of benefits not covered by valuation assets and anticipated future normal costs (unfunded actuarial accrued liability).

Computed contributions for the fiscal year beginning July 1, 2005 are shown on the following pages.

The City of Los Angeles Fire and Police Pension Plan

Computed Contribution Rates

(Expressed as Percents of Active Payroll)

Valuation Date	<u>Retirement</u>		<u>Health Subsidy</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Applying to Fiscal Year	2005-06	2004-05	2005-06	2004-05
Normal Cost	14.92%	16.83%	1.76%	2.35%
UAAL Amortization	-2.06%	-3.04%	1.07%	0.74%
Total City Contribution	12.86%	13.79%	2.83%	3.09%

The above contributions assume a 1% “pick up” of Tier 5 employee contributions (which will continue to apply as long as the funded ratio exceeds 100%), and assume contributions are made, on average, at the middle of the fiscal year. Our understanding is that the City has maintained a practice of making most of the contributions at the beginning of the fiscal year and applying a 4.5% discount.

Ongoing unfunded actuarial accrued liabilities (UAAL) are a byproduct of actuarial gains and losses, as well as benefit, assumption and methodology changes. Each valuation generates an actuarial gain (loss) for each group valued. Each year’s gain (loss) is amortized as determined by policy for each separate Tier. Amortization is expressed as a percent-of-payroll and added to (or subtracted from) computed normal costs.



The City of Los Angeles Fire and Police Pension Plan
Computed Contribution Rates – Retirement Benefits

June 30, 2004

(Expressed as Percents of Active Payroll)

Elements of Normal Cost

	<u>Tier 2</u>	<u>Tier 3</u>	<u>Tier 4</u>	<u>Tier 5</u>	<u>Total</u>
Normal Retirement	18.45%	17.06%	15.60%	16.89%	16.89%
Ordinary Death	0.10%	0.10%	0.09%	0.09%	0.09%
Death-In-Service ¹	0.28%	0.35%	0.31%	0.33%	0.33%
Ordinary Disability ¹	0.20%	0.14%	0.14%	0.15%	0.15%
Duty Disability	4.42%	2.87%	2.40%	3.97%	3.82%
Contribution Refunds	<u>0.87%</u>	<u>0.54%</u>	<u>0.00%</u>	<u>0.90%</u>	<u>0.83%</u>
Total Normal Cost	24.32%	21.06%	18.54%	22.33%	22.11%
Less					
Employee Contributions ²	<u>3.02%</u>	<u>7.39%</u>	<u>6.98%</u>	<u>7.26%</u>	<u>7.19%</u>
Equals					
Employer Normal Cost	21.30%	13.67%	11.56%	15.07%	14.92%

- 1 These figures could be viewed as overstated, and Normal Retirement figures understated, since, in many cases, an active member, who dies or becomes disabled will have significant service credit accrued and may be eligible for service retirement at time of disability or death benefit grant.
- 2 Reflects cessation of contributions after 30 years of service (33 years for Tier 5).

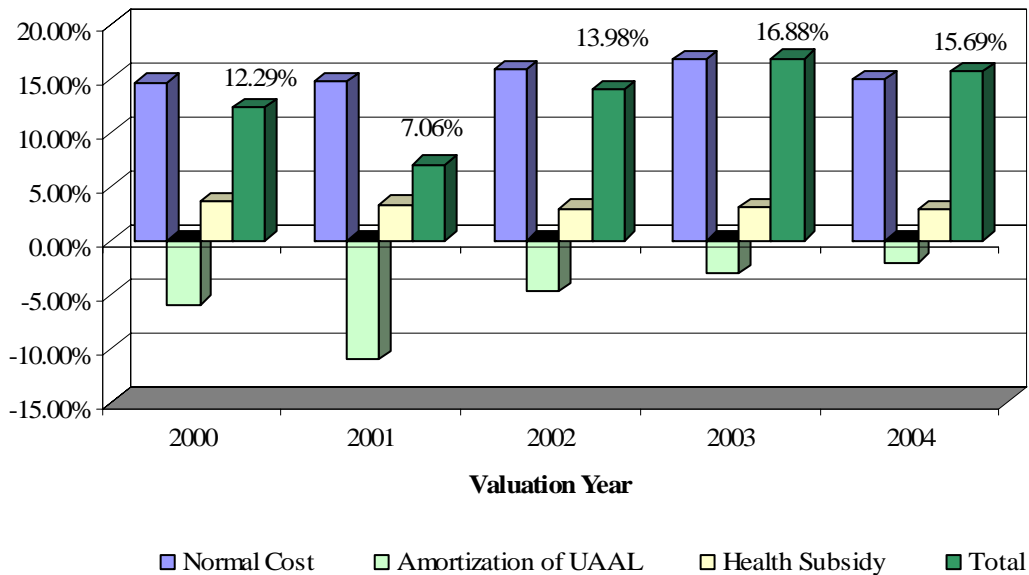
The City of Los Angeles Fire and Police Pension Plan
Computed Contributions – Historic Comparison

<u>Valuation Date</u>	<u>Retirement</u>	<u>Health</u>	<u>Total</u>	<u>Valuation Payroll</u>
6/30/00	8.68%	3.60%	12.29%	\$845,426,191
6/30/01	3.74%	3.32%	7.06%	\$882,758,282
6/30/02	11.00%	2.98%	13.98%	\$946,037,252
6/30/03	13.79%	3.09%	16.88%	\$970,726,720
6/30/04	12.86%	2.83%	15.69%	\$1,001,003,937

Valuation Payroll is the sum of active member pays for each Tier that are reported to us by staff. In years prior to 2003, payroll amounts are also inclusive of pay raises granted on the July 1 immediately succeeding the valuation date.

The following graph illustrates the funding levels of the past few years for both the retirement benefits and the health subsidy benefits.

System Contributions as a Percent of Pay



The City of Los Angeles Fire and Police Pension Plan
Budget Amounts for Pension Benefits

	<u>Recommended 2005 - 2006</u>	<u>Recommended 2004 - 2005</u>	<u>Percent Change</u>
Tier 1			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 1 Payroll	N/A	N/A	N/A
2. Amortization of Unfunded Actuarial Accrued Liability	\$23,014,960	\$23,673,686	-2.8%
Tier 2			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 2 Payroll	21.30%	22.43%	-5.0%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Total Payroll, All Tiers	-0.15%	-1.51%	-89.9%
Tier 3			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 3 Payroll	13.67%	15.42%	-11.3%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 3 Payroll	-1.02%	-1.84%	-44.7%
3. Total Contribution as a Percent of Tier 3 Payroll	12.65%	13.58%	-6.8%
Tier 4			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 4 Payroll	11.56%	12.45%	-7.1%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 4 Payroll	-2.93%	-4.43%	-33.9%
3. Total Contribution as a Percent of Tier 4 Payroll	8.63%	8.02%	7.6%
Tier 5			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 5 Payroll	15.07%	16.73%	-9.9%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 5 Payroll	-4.76%	-4.34%	9.6%
3. Total Contribution as a Percent of Tier 5 Payroll	10.31%	12.39%	-16.8%

The City of Los Angeles Fire and Police Pension Plan

Budget Amounts for Health Subsidy Benefits

	<u>Recommended 2005 - 2006</u>	<u>Recommended 2004 - 2005</u>	<u>Percent Change</u>
Tier 1			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 1 Payroll	N/A	N/A	N/A
2. Amortization of Unfunded Actuarial Accrued Liability	\$2,234,526	\$2,128,937	5.0%
Tier 2			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 2 Payroll	1.39%	2.37%	-41.4%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Total Payroll, All Tiers	2.15%	2.04%	5.4%
Tier 3			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 3 Payroll	1.90%	2.37%	-19.8%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 3 Payroll	-6.42%	-6.03%	6.5%
3. Total Contribution as a Percent of Tier 3 Payroll	-4.52%	-3.66%	23.5%
Tier 4			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 4 Payroll	1.29%	2.10%	-38.6%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 4 Payroll	-4.41%	-4.05%	8.9%
3. Total Contribution as a Percent of Tier 4 Payroll	-3.12%	-1.95%	60.0%
Tier 5			
1. Entry Age Normal Cost Funded by City as a Percent of Tier 5 Payroll	1.78%	2.36%	-24.6%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Tier 5 Payroll	-0.63%	-0.93%	-32.3%
3. Total Contribution as a Percent of Tier 5 Payroll	1.15%	1.43%	-19.6%

The City of Los Angeles Fire and Police Pension Plan
UFLAC Settlement Amortization Schedule

The City and UFLAC settled litigation regarding the payment of investment manager fees/expenses out of plan assets in 1995. It was agreed that the City would make amortization payments plus \$500,000 each year until the \$11,040,227 agreed upon amount was paid off. The City began making the additional \$500,000 payments in the fiscal year beginning July 1, 1996.

Based on the amortization schedule below, the City should continue to make the additional \$500,000 payments through the fiscal year beginning July 1, 2006, with a final payment of \$282,582 in the fiscal year beginning July 1, 2007 along with annual required contributions to fully amortize this obligation.

<u>Fiscal Year</u>	<u>Balance</u>	<u>Scheduled Payment</u>	<u>Additional Payment</u>
7/1/96	11,040,227	896,521	500,000
7/1/97	10,463,421	896,521	500,000
7/1/98	9,837,586	896,521	500,000
7/1/99	9,158,556	896,521	500,000
7/1/00	8,421,808	896,521	500,000
7/1/01	7,622,436	896,521	500,000
7/1/02	6,755,118	896,521	500,000
7/1/03	5,814,077	896,521	500,000
7/1/04	4,793,049	896,521	500,000
7/1/05	3,685,232	896,521	500,000
7/1/06	2,483,252	896,521	500,000
7/1/07	1,179,103	896,521	282,582
7/1/08	0		

The City of Los Angeles Fire and Police Pension Plan
Member Contributions as of June 30, 2004

In addition to City contributions, the System is also funded by member contributions. The current rates are 7% for Tier 2 and 8% for Tiers 3 through 5.

The Member contribution account balances (including interest) that were reported for the June 30, 2004 valuation are:

	Fire Members	Police Members	Total
Tier 2	\$18,763,290	\$30,126,120	\$48,889,410
Tier 3	3,014,625	63,422,999	66,437,624
Tier 4	3,995,450	37,984,638	41,980,088
Tier 5	334,283,256	565,968,836	900,252,092
Total	\$360,056,621	\$697,502,593	\$1,057,559,214



The City of Los Angeles Fire and Police Pension Plan

Unfunded Actuarial Accrued Liability

June 30, 2004

Derivation of Experience Gain (Loss)

The actuarial gains or losses realized in the operation of the System provide an experience test. Gains and losses are expected to cancel each other over a period of years and sizable year-to-year fluctuations are common.

	<u>Retirement</u>	<u>Health</u>
(1) UAAL* at beginning of year	(\$487,191,932)	\$334,221,943
(2) Expected Contribution toward UAAL	(\$58,399,697)	\$16,259,525
(3) Adjustment due to lag in contributions	\$28,861,727	(\$8,939,324)
(4) Expected Interest Accrual	(\$39,069,131)	\$28,153,732
(5) Increase in UAAL due to benefit enhancements	\$0	\$0
(6) Increase in UAAL due to assumption changes	(\$140,830,277)	(\$26,306,283)
(7) Expected UAAL at the end of year (1) - (2) - (3) + (4) + (5) + (6)	(\$637,553,370)	\$328,749,191
(8) Actual End of Year UAAL	(\$345,715,367)	\$403,063,503
(9) Total (Gain)/Loss	\$291,838,003	\$74,314,312
(10) (Gain)/loss as percentage actuarial accrued liabilities at beginning of year	2.6%	8.0%

* Unfunded actuarial accrued liability

The City of Los Angeles Fire and Police Pension Plan
Unfunded Actuarial Accrued Liability

Components of Actuarial (Gain) Loss for Retirement Benefits

(\$ in millions)

Estimated (Gain) attributed to pay increases	(\$94)
Estimated Loss attributed to post-retirement mortality and related data	121
Estimated (Gain) attributed to COLA increases	(201)
Estimated Loss attributed to employee turnover, pre-retirement mortality, retirement incidence, and miscellaneous factors	(88)
Estimated Loss attributed to investment experience	<u>554</u>
Total Estimated Experience Loss	\$292

Unfunded Actuarial Accrued Liability

Total actuarial accrued liabilities	\$1,009,062,407
Assets allocated to retirement benefits	<u>11,735,696,180</u>
Unfunded Actuarial Accrued Liability	\$(345,715,367)

The City of Los Angeles Fire and Police Pension Plan
Unfunded Actuarial Accrued Liability

Components of Actuarial (Gain) Loss for Health Subsidy
(\$ in millions)

Estimated (Gain) attributed to premium increases	\$32
Estimated Loss attributed to post-retirement mortality, retiree participation, and related retiree data	32
Estimated Loss attributed to employee turnover, pre-retirement mortality, retirement incidence, and miscellaneous factors	(19)
Estimated Loss attributed to investment experience	<u>29</u>
Total Estimated Experience Loss	\$74

Unfunded Actuarial Accrued Liability

Total actuarial accrued liabilities	\$1,009,062,407
Assets allocated to health subsidy	<u>605,998,904</u>
Unfunded Actuarial Accrued Liability	\$403,063,503

The City of Los Angeles Fire and Police Pension Plan
Detail of Amortization of Unfunded Actuarial Accrued Liability

Retirement Benefits

Tier 1

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a flat dollar amount, over 33 years as of June 30, 2004.

Tier 2

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a percent of **total** payroll, all Tiers, over 33 years as of June 30, 2004.

Tier 3

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/2004</u>	<u>Amortization Amount</u>
7-1-89 ASSUMPTION CHANGE	15	(16,059,722)	(1,377,910)
7-1-90 (GAIN) / LOSS	1	(697,757)	(721,016)
7-1-90 AMENDMENT	16	279,814	22,848
7-1-90 ASSUMPTION CHANGE	16	(6,285,753)	(513,253)
7-1-91 (GAIN) / LOSS	2	5,439,195	2,856,321
7-1-92 (GAIN) / LOSS	3	(4,139,133)	(1,472,697)
7-1-92 ASSUMPTION CHANGE	18	2,438,910	182,365
7-1-93 (GAIN) / LOSS	4	(7,614,791)	(2,064,939)
7-1-94 (GAIN) / LOSS	5	1,815,449	400,192
7-1-95 (GAIN) / LOSS	6	(2,577,317)	(481,036)
7-1-95 ASSUMPTION CHANGE	21	(20,035,381)	(1,341,826)
7-1-96 (GAIN) / LOSS	7	(191,266)	(31,086)
7-1-96 PLAN CHANGE	22	2,785,282	180,657
7-1-95 AVA METHOD CHANGE	22	(18,004,873)	(1,167,820)
7-1-97 (GAIN) / LOSS	8	(14,369,797)	(2,075,954)
7-1-98 (GAIN) / LOSS	9	(24,352,819)	(3,176,535)
7-1-98 PLAN CHANGE	24	5,398,677	330,333
7-1-98 ASSUMPTION CHANGE	24	9,079,981	555,584
7-1-99 (GAIN) / LOSS	10	(40,364,507)	(4,812,798)
7-1-00 (GAIN) / LOSS	11	(50,091,013)	(5,514,138)
7-1-00 PLAN CHANGE	26	927,620	53,900
7-1-01 (GAIN) / LOSS	12	(40,847,933)	(4,185,748)
7-1-01 ASSUMPTION CHANGE	27	(28,426,164)	(1,613,052)
7-1-02 (GAIN) / LOSS	13	111,786,172	10,736,536
7-1-03 (GAIN) / LOSS	14	153,225,902	13,874,592
7-1-04 (GAIN) / LOSS	15	10,156,248	871,397
7-1-04 ASSUMPTION CHANGE	30	(8,452,786)	(450,043)
Total		20,822,238	(935,125)

The City of Los Angeles Fire and Police Pension Plan
Detail of Amortization of Unfunded Actuarial Accrued Liability
Retirement Benefits (continued)

Tier 4

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Years Left</u>	Remaining Balance <u>6/30/2004</u>	Amortization <u>Amount</u>
7-1-89 ASSUMPTION CHANGE	15	(6,294,490)	(540,062)
7-1-90 (GAIN) / LOSS	1	(273,481)	(282,597)
7-1-90 AMENDMENT	16	109,672	8,955
7-1-90 ASSUMPTION CHANGE	16	(2,463,654)	(201,166)
7-1-91 (GAIN) / LOSS	2	2,131,853	1,119,514
7-1-92 (GAIN) / LOSS	3	(1,622,303)	(577,213)
7-1-92 ASSUMPTION CHANGE	18	955,913	71,477
7-1-93 (GAIN) / LOSS	4	(2,984,561)	(809,338)
7-1-94 (GAIN) / LOSS	5	711,553	156,853
7-1-95 (GAIN) / LOSS	6	(1,010,161)	(188,539)
7-1-95 ASSUMPTION CHANGE	21	(7,852,720)	(525,919)
7-1-96 (GAIN) / LOSS	7	(74,964)	(12,184)
7-1-96 PLAN CHANGE	22	1,091,671	70,807
7-1-95 AVA METHOD CHANGE	22	(7,056,878)	(457,718)
7-1-97 (GAIN) / LOSS	8	(5,632,137)	(813,655)
7-1-98 (GAIN) / LOSS	9	(9,544,909)	(1,245,020)
7-1-98 PLAN CHANGE	24	2,115,972	129,472
7-1-98 ASSUMPTION CHANGE	24	3,558,833	217,757
7-1-99 (GAIN) / LOSS	10	(15,820,573)	(1,886,341)
7-1-00 (GAIN) / LOSS	11	(19,632,807)	(2,161,226)
7-1-00 PLAN CHANGE	26	361,458	21,003
7-1-01 (GAIN) / LOSS	12	(9,444,758)	(967,818)
7-1-01 ASSUMPTION CHANGE	27	(4,757,814)	(269,984)
7-1-02 (GAIN) / LOSS	13	18,834,773	1,808,991
7-1-03 (GAIN) / LOSS	14	60,298,098	5,459,987
7-1-04 (GAIN) / LOSS	15	10,199,372	875,097
7-1-04 ASSUMPTION CHANGE	30	(5,073,360)	(270,115)
Total		829,597	(1,268,980)

Tier 5

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Years Left</u>	Remaining Balance <u>6/30/2004</u>	Amortization <u>Amount</u>
ORIGINAL BASE 07/01/02	28	(153,461,201)	(8,515,275)
7-1-03 (GAIN) / LOSS	14	(317,661,051)	(28,764,180)
7-1-04 (GAIN) / LOSS	15	107,045,704	9,184,429

7-1-04 ASSUMPTION CHANGE	30	(235,301,493)	(12,527,905)
Total		(599,378,041)	(40,622,932)

The City of Los Angeles Fire and Police Pension Plan
Detail of Amortization of Unfunded Actuarial Accrued Liability
Health Subsidy Benefits

Tier 1

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a flat dollar amount, over 33 years as of June 30, 2004.

Tier 2

Unfunded/(Surplus) Actuarial Accrued Liability is amortized as a percent of total payroll, all Tiers, over 33 years as of June 30, 2004.

Tier 3

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/2004</u>	<u>Amortization Amount</u>
ORIGINAL BASE	15	68,621,958	5,887,705
7-1-90 (GAIN) / LOSS	1	260,291	268,968
7-1-91 (GAIN) / LOSS	2	357,752	187,869
7-1-92 (GAIN) / LOSS	3	(1,384,234)	(492,508)
7-1-92 ASSUMPTION CHANGE	18	8,489,141	634,760
7-1-93 (GAIN) / LOSS	4	(5,316,986)	(1,441,833)
7-1-93 ASSUMPTION CHANGE	19	(24,614,143)	(1,769,514)
7-1-94 (GAIN) / LOSS	5	(3,666,966)	(808,335)
7-1-95 (GAIN) / LOSS	6	(9,330,051)	(1,741,380)
7-1-95 ASSUMPTION CHANGE	21	(3,373,560)	(225,937)
7-1-96 (GAIN) / LOSS	7	(21,386,931)	(3,475,992)
7-1-96 AVA METHOD CHANGE	22	(7,286,401)	(472,605)
7-1-96 ASSUMPTION CHANGE	22	(4,037,459)	(261,875)
7-1-97 (GAIN) / LOSS	8	(8,216,419)	(1,186,997)
7-1-97 PLAN CHANGE	23	13,221,148	832,151
7-1-97 ASSUMPTION CHANGE	23	(7,250,050)	(456,325)
7-1-98 (GAIN) / LOSS	9	(4,224,161)	(550,991)
7-1-98 PLAN CHANGE	24	(218,030)	(13,341)
7-1-98 ASSUMPTION CHANGE	24	(711,020)	(43,506)
7-1-99 (GAIN) / LOSS	10	(7,483,946)	(892,337)
7-1-00 (GAIN) / LOSS	11	(12,126,995)	(1,334,968)
7-1-00 PLAN CHANGE	26	12,498,055	726,208
7-1-01 (GAIN) / LOSS	12	(11,033,996)	(1,130,670)
7-1-01 PLAN CHANGE	27	11,595,271	657,977
7-1-01 PLAN CHANGE	27	(7,034,870)	(399,196)
7-1-02 (GAIN) / LOSS	13	(39,699,299)	(3,812,931)
7-1-03 (GAIN) / LOSS	14	59,694,803	5,405,359
7-1-04 ASSUMPTION CHANGE	30	2,435,105	129,650

7-1-04 (GAIN) / LOSS	15	(1,379,747)	(118,381)
Total		(2,601,743)	(5,898,975)

The City of Los Angeles Fire and Police Pension Plan

Detail of Amortization of Unfunded Actuarial Accrued Liability

Health Subsidy Benefits (continued)

Tier 4

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Years Left</u>	<u>Remaining Balance 6/30/2004</u>	<u>Amortization Amount</u>
ORIGINAL BASE	15	22,815,232	1,957,527
7-1-90 (GAIN) / LOSS	1	86,541	89,426
7-1-91 (GAIN) / LOSS	2	118,944	62,462
7-1-92 (GAIN) / LOSS	3	(460,226)	(163,748)
7-1-92 ASSUMPTION CHANGE	18	2,822,444	211,043
7-1-93 (GAIN) / LOSS	4	(1,767,777)	(479,376)
7-1-93 ASSUMPTION CHANGE	19	(8,183,641)	(588,323)
7-1-94 (GAIN) / LOSS	5	(1,219,182)	(268,753)
7-1-95 (GAIN) / LOSS	6	(3,102,029)	(578,969)
7-1-95 ASSUMPTION CHANGE	21	(1,121,631)	(75,119)
7-1-96 (GAIN) / LOSS	7	(7,110,664)	(1,155,687)
7-1-96 AVA METHOD CHANGE	22	(2,422,562)	(157,131)
7-1-96 ASSUMPTION CHANGE	22	(1,342,363)	(87,067)
7-1-97 (GAIN) / LOSS	8	(2,731,772)	(394,649)
7-1-97 PLAN CHANGE	23	4,395,729	276,671
7-1-97 ASSUMPTION CHANGE	23	(2,410,476)	(151,718)
7-1-98 (GAIN) / LOSS	9	(1,404,437)	(183,192)
7-1-98 PLAN CHANGE	24	(72,490)	(4,435)
7-1-98 ASSUMPTION CHANGE	24	(236,399)	(14,465)
7-1-99 (GAIN) / LOSS	10	(2,488,241)	(296,682)
7-1-00 (GAIN) / LOSS	11	(4,031,949)	(443,847)
7-1-00 PLAN CHANGE	26	4,123,661	239,608
7-1-01 (GAIN) / LOSS	12	(8,227,532)	(843,087)
7-1-01 PLAN CHANGE	27	3,981,152	225,912
7-1-01 ASSUMPTION CHANGE	27	(1,103,639)	(62,626)
7-1-02 (GAIN) / LOSS	13	(13,833,242)	(1,328,618)
7-1-03 (GAIN) / LOSS	14	25,829,931	2,338,898
7-1-04 ASSUMPTION CHANGE	30	(367,339)	(19,558)
7-1-04 (GAIN) / LOSS	15	(185,345)	(15,902)
Total		350,699	(1,911,406)

The City of Los Angeles Fire and Police Pension Plan
Detail of Amortization of Unfunded Actuarial Accrued Liability
Health Subsidy Benefits (continued)

Tier 5

Assumption and plan changes are amortized over 30 years and actuarial experience gains and losses are amortized over 15 years.

<u>Item</u>	<u>Year s Left</u>	<u>Remaining Balance 6/30/2004</u>	<u>Amortization Amount</u>
ORIGINAL BASE 07/01/02	28	6,797,129	377,160
7-1-03 (GAIN) / LOSS	14	(92,330,166)	(8,360,488)
7-1-04 ASSUMPTION CHANGE	30	4,421,458	235,407
7-1-04 (GAIN) / LOSS	15	27,335,607	2,345,372
Total		(53,775,971)	(5,402,550)

The amortization amounts shown on pages 11-14 are calculated as of the end of the year. Corresponding contribution rates are calculated by adjusting these amounts, as a percent of payroll, to midyear.

Funding Progress Indicators

June 30, 2004

There is no single all-encompassing indicator which measures a retirement system's funding progress and current funded status. A traditional measure has been the relationship of valuation assets to unfunded actuarial accrued liability – a measure that is influenced by the choice of actuarial cost method.

We believe a better understanding of funding progress and status can be achieved using the following indicators which are independent of the actuarial cost method.

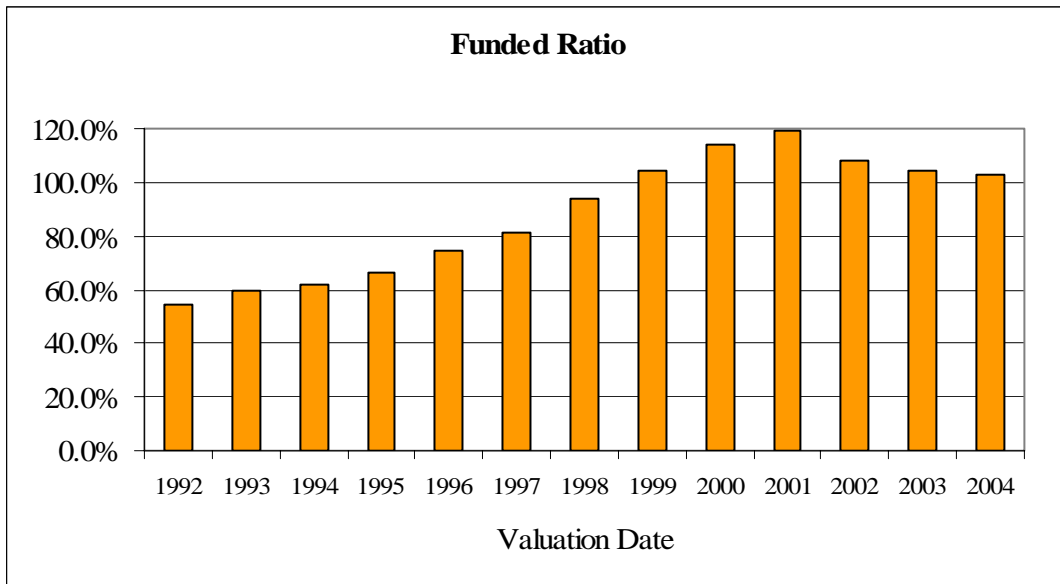
1. The ratio of valuation assets to the actuarial present value of credited projected benefits allocated in the proportion accrued service is to projected total service – a plan continuation indicator.
2. The ratio of the unfunded actuarial present value of credited projected benefits to member payroll – a plan continuation indicator. In a soundly financed retirement system, the amount of the unfunded actuarial present value of credited projected benefits will be controlled and prevented from increasing in the absence of benefit improvements or strengthening of actuarial assumptions. However, in an inflationary environment it is seldom practical to impose this control on dollar amounts which are depreciating in value. The ratio is a relative index of condition where inflation is present in both items. The ratio is expected to decrease in the absence of benefit improvements or strengthening of actuarial assumptions.

The City of Los Angeles Fire and Police Pension Plan
Funding Progress Indicators – Historic Comparison

(\$ in Thousands)

Retirement

Valuation Date	Valuation Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Member Payroll	UAAL Ratio to Payroll
6/30/92	\$4,285,642	\$7,840,119	\$3,554,477	54.7%	\$573,922	619.3%
6/30/93	4,846,189	8,144,653	3,298,463	59.5%	562,673	586.2%
6/30/94	5,111,331	8,311,394	3,200,062	61.5%	554,627	577.0%
6/30/95	5,602,149	8,412,407	2,810,258	66.6%	608,978	461.5%
6/30/96	6,558,797	8,786,176	2,227,379	74.6%	688,572	323.5%
6/30/97	7,406,444	9,111,058	1,704,614	81.3%	749,506	227.4%
6/30/98	8,393,869	8,912,535	518,667	94.2%	808,807	64.1%
6/30/99	9,637,255	9,203,636	(433,619)	104.7%	819,741	(52.9)%
6/30/00	10,985,936	9,604,174	(1,381,763)	114.4%	845,426	(163.4)%
6/30/01	11,835,579	9,954,056	(1,881,492)	118.9%	882,758	(213.1)%
6/30/02	11,491,922	10,606,825	(885,097)	108.3%	946,037	(93.6)%
6/30/03	11,690,750	11,203,558	(487,192)	104.3%	970,727	(50.2)%
6/30/04	11,735,696	11,389,981	(345,715)	103.0%	1,001,004	(34.5)%

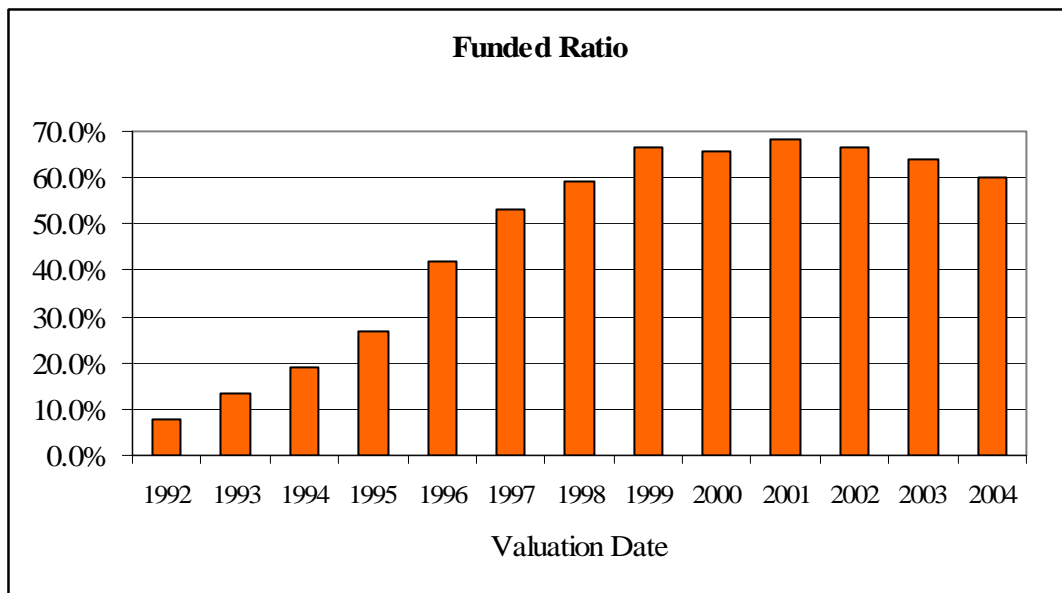


The City of Los Angeles Fire and Police Pension Plan
Funding Progress Indicators – Historic Comparison

(\$ in Thousands)

Health Subsidy

<u>Valuation Date</u>	<u>Valuation Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL</u>	<u>Funded Ratio</u>	<u>Member Payroll</u>	<u>UAAL Ratio to Payroll</u>
6/30/92	\$54,999	\$714,129	\$659,130	7.7%	\$573,922	114.8%
6/30/93	92,738	686,751	594,013	13.5%	562,673	105.6%
6/30/94	131,848	697,230	565,382	18.9%	554,627	101.9%
6/30/95	175,793	659,806	484,013	26.6%	608,978	79.5%
6/30/96	248,229	591,778	343,549	41.9%	688,572	49.9%
6/30/97	310,852	586,429	275,577	53.0%	749,506	36.8%
6/30/98	371,411	626,670	255,258	59.3%	808,807	31.6%
6/30/99	443,492	666,566	223,074	66.5%	819,741	27.2%
6/30/00	519,241	791,338	272,097	65.6%	845,426	32.2%
6/30/01	573,844	840,288	266,444	68.3%	882,758	30.2%
6/30/02	586,954	884,371	297,417	66.4%	946,037	31.4%
6/30/03	592,539	926,761	334,222	63.9%	970,727	34.4%
6/30/04	605,999	1,009,062	403,064	60.1%	1,001,004	40.3%



The City of Los Angeles Fire and Police Pension Plan

Actuarial Balance Sheet – June 30, 2004

(\$ in Thousands)

Present Resources and Expected Future Resources

	<u>Retirement</u>	<u>Health</u>	<u>Totals</u>
A. Actuarial value of system assets	\$11,735,696	\$605,999	\$12,341,695
B. Present value of expected future contributions			
1. For normal costs for present actives	1,759,220	157,652	1,916,872
2. For unfunded actuarial accrued liability	<u>(345,715)</u>	<u>403,064</u>	<u>57,349</u>
3. Totals	1,413,505	560,716	1,974,221
C. Present value of expected future member contributions	<u>847,995</u>	<u>0</u>	<u>847,995</u>
D. Total present and expected future resources	\$13,997,196	\$1,166,715	\$15,163,911

Present Value of Expected Future Benefit Payments and Reserve

A. To retirants and beneficiaries	\$7,220,705	\$705,072	\$7,925,777
B. To present active members			
1. Allocated to service rendered prior to valuation date	4,169,276	303,991	4,473,267
2. Allocated to service likely to be rendered after valuation date	<u>2,607,215</u>	<u>157,652</u>	<u>2,764,867</u>
3. Totals			
C. Total present value of expected future	\$13,997,196	\$1,166,715	\$15,163,911

SUMMARY OF BENEFIT PROVISIONS

&

VALUATION DATA SUBMITTED BY RETIREMENT SYSTEM

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
1. SERVICE RETIREMENT				
a. Eligibility	20 years of service.	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)	Normal Pension Base (Final monthly salary rate)	Final Average Salary (One-year average monthly salary)	Final Average Salary (One-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.
2. SERVICE-CONNECTED DISABILITY				
a. Eligibility	Work related No age or service requirements	Work related No age or service requirements	Work related No age or service requirements	Work related No age or service requirements
b. Salary Base	Normal Pension Base (Final monthly salary rate)	Normal Pension Base (Final monthly salary rate)	Final Average Salary (One-year average monthly salary)	Final Average Salary (One-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.	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 of 2% per year of service.	30% to 90% depending on severity of disability, with a minimum of 2% per year of service.
3. NONSERVICE-CONNECTED DISABILITY				
a. Eligibility	Not work related Five years of service	Not work related Five years of service	Not work related Five years of service	Not work related Five years of service
b. Salary Base	Highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay	Nonservice-Connected Salary Base: Highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay	Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary)
c. Pension as a percentage of salary base	40%.	40%.	30% to 50% depending on severity of disability.	30% to 50% depending on severity of disability.

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
4. SERVICE-CONNECTED DEATH OR DEATH AFTER SERVICE-CONNECTED DISABILITY				
a. Eligibility	Work related No age or service requirements	Work related No age or service requirements	Work related No age or service requirements	Work related No age or service requirements
b. Salary Base	Normal Pension Base (Final monthly salary rate)	Normal Pension Base (Final monthly salary rate)	Final Average Salary (One-year average monthly salary)	Final Average Salary (One-year average monthly salary) <i>Except for Members who transferred from Tier 2 to Tier 5</i>
c. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	50%.	50% with less than 25 years of service with uncapped COLA. 55% with 25 or more years of service with uncapped COLA.	<i>SERVICE-CONNECTED DEATH:</i> 75% of Final Average Salary if service-connected death while active or death due to service-connected cause(s) within 3 years after effective date of Service-Connected Disability pension with 3% cap on COLA. <i>DEATH AFTER SERVICE-CONNECTED DISABILITY:</i> 75% of Final Average Salary if death due to service-connected cause(s) within 3 years after effective date of Service-Connected Disability pension, otherwise 60% of Member's Service-Connected Disability pension with 3% cap on COLA.	<i>SERVICE-CONNECTED DEATH:</i> <u>Former Tier 2:</u> 75% of Normal Pension Base if service-connected death while active with 3% cap on COLA and COLA Bank. Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 75% of Final Average Salary if service-connected death while active or death due to service-connected cause(s) within 3 years after effective date of Service-Connected Disability pension with 3% cap on COLA and COLA Bank. <i>DEATH AFTER SERVICE – CONNECTED DISABILITY:</i> <u>Former Tier 2:</u> 50% of Normal Pension Base with less than 25 YOS with 3% cap on COLA and COLA Bank. 55% of Normal Pension Base with 25 or more YOS with 3% cap on COLA and COLA Bank. <u>Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02:</u> 75% of Final Average Salary if death due to service-connected cause(s) within 3 years after effective date of Service-Connected Disability pension, otherwise 60% of Member's Service-Connected Disability pension with 3% cap on COLA and COLA Bank.

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
d. Eligible children's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, with COLA Bank</p>
e. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, with COLA Bank</p>
5. DEATH WHILE ELIGIBLE TO RECEIVE A SERVICE PENSION ON ACCOUNT OF YEARS OF SERVICE				
a. Eligibility	20 years of service.	20 years of service.	Tier 3: 10 years of service Tier 4: 20 years of service	20 years of service
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	<p>100% of Member's accrued service retirement Member would have received, not to exceed 50% of Normal Pension Base.</p> <p>Uncapped COLA</p>	<p>100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base.</p> <p>Uncapped COLA</p>	<p>Higher of 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.</p> <p>3% cap on COLA, no COLA Bank</p>	<p><u>Former Tier 2:</u> 100% of Member's accrued service retirement Member would have received, not to exceed 55% of Normal Pension Base with 3% cap on COLA, with COLA Bank.</p> <p>Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: Per Section 1508(2), if member was eligible to retire based on YOS, 80% of service retirement Member would have been entitled to or 30% of Member's Final Average Salary; not to exceed 40% of Final Average Salary with 3% cap on COLA and COLA Bank.</p>

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
c. Eligible children's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, with COLA Bank</p>
d. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, with COLA Bank</p>
6. DEATH AFTER SERVICE RETIREMENT				
a. Eligibility	Member was receiving a service pension.	Member was receiving a service pension.	Member was receiving a service pension.	Member was receiving a service pension.
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	<p>Same as Member's pension up to 50% of Member's Normal Pension Base.</p> <p>Uncapped COLA</p>	<p>Same as Member's pension up to 55% of Member's Normal Pension Base.</p> <p>Uncapped COLA</p>	<p>60% of Member's pension benefit.</p> <p>3% cap on COLA, no COLA Bank</p>	<p><u>Former Tier 2:</u> Same as Member's pension up to 55% of Normal Pension Base, with 3% cap on COLA, with COLA Bank.</p> <p>Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02: 60% of Member's pension benefit, with 3% cap on COLA and COLA Bank.</p>
c. Eligible children's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, with COLA Bank</p>

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
d. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	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. Uncapped COLA	If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive. Uncapped COLA	If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive. 3% cap on COLA, no COLA Bank	If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive. 3% cap on COLA, with COLA Bank
7. NONSERVICE-CONNECTED DEATH OR DEATH AFTER NONSERVICE-CONNECTED DISABILITY				
a. Eligibility	Five years of service.	Five years of service.	Five years of service.	Five years of service.
b. Eligible Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit as a percentage of Member's salary base	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay Uncapped COLA	40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay (nonservice-connected pension base) Uncapped COLA	<i>NONSERVICE-CONNECTED DEATH</i> 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 3% COLA Cap, no COLA Bank <i>DEATH AFTER NONSERVICE-CONNECTED DISABILITY</i> 60% of Member's pension. 3% COLA Cap, no COLA Bank	<i>NONSERVICE-CONNECTED DEATH</i> <u>Former Tier 2:</u> 40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay with 3% cap on COLA and COLA Bank <u>Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02:</u> 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 with 3% cap on COLA and COLA Bank <i>DEATH AFTER NONSERVICE-CONNECTED DISABILITY</i> <u>Former Tier 2:</u> 40% of highest monthly salary as of Member's retirement for basic rank of Police Officer III or Firefighter III, and the highest length of service pay with 3% cap on COLA and COLA Bank <u>Former Tier 3/Tier 4 or Tier 5 hired on or after 1/1/02:</u> 60% of Member's Pension with 3% cap on COLA and COLA Bank

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
c. Eligible children's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 unless child is disabled before age 21.</p> <p>Uncapped COLA</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>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:</p> <p>25% for one child 40% for two children 50% for three or more children</p> <p>Pension not payable after child reaches age 18 (age 22 if in school full time) unless child is disabled before age 21.</p> <p>3% cap on COLA, with COLA Bank</p>
d. Eligible dependent parent's benefit as a percentage of Qualified Surviving Spouse's (QSS) or Qualified Surviving Domestic Partner's (QSDP) benefit	<p>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.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>Uncapped COLA</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, no COLA Bank</p>	<p>If no QSS/QSDP, the eligible dependent parent will receive a monthly pension equal to the pension the QSS/QSDP would have been eligible to receive.</p> <p>3% cap on COLA, with COLA Bank</p>
8. COST-OF-LIVING				
a. Generally applicable provisions	<p>Full annual cost-of-living increase.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.</p> <p>Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.</p>	<p>Full annual cost-of-living increase.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.</p> <p>Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.</p>	<p>Annual cost-of-living increase not to exceed 3%.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.</p> <p>City Council may grant discretionary cost-of-living increases once every three years.</p> <p>Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.</p> <p>Pro rata adjustment in the first year of retirement.</p>	<p><i>Annual cost-of-living increase not to exceed 3%.</i></p> <p>Amounts above the maximum of 3% are banked to be credited during years when the CPI is less than the maximum.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for local Urban Consumers.</p> <p>City Council may grant discretionary cost-of-living increases once every three years. Such discretionary COLAs reduce the member's COLA Bank.</p> <p><i>Survivors' pension includes the percentage of cost-of-living increases applied to the Member's pension prior to death.</i></p> <p>Pro rata adjustment in the first year of retirement.</p>

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
b. Effective date of cost-of-living increases				
i. Service retirement	Annual increases commence on July 1 following the later of the effective date or the date the Member would have been age 55.	Annual increases commence on the July 1 following the later of the effective date or the date the Member would have completed 25 years of service.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.
ii. Service-connected disability, service connected death	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.
iii. Nonservice-connected disability	Annual increases 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 increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.
iv. Nonservice-connected death, death while eligible for service retirement	Annual increases 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 increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.
v. Death after nonservice-connected disability, death after service-connected disability.	Annual increases 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 increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.
9. MEMBERS' CONTRIBUTIONS AS AN ANNUAL 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%. (Currently 7%) No Member contributions required after 30 years of service.	8%. No Member contributions required after 30 years of service.	9%. City pays 1% of 9% if Plan is at least 100% actuarially funded. No Member contributions required after 33 years of service.
10. QUALIFIED SURVIVORS				
a. Qualified Surviving Spouse (QSS) or Qualified Surviving Domestic Partner (QSDP) eligibility requirements				
i. Nonservice-connected death	Married at least one year prior to date of nonservice-connected death and as of date of death.	Married or registered the domestic partner at least one year prior to date of nonservice-connected death and as of date of death.	Married or registered the domestic partner at least one year prior to date of nonservice-connected death and as of date of death.	Married or registered the domestic partner at least one year prior to date of nonservice-connected death and as of date of death.

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
ii. Service-connected death	Married as of the date of service-connected death.	Married or registered the domestic partner as of the date of service-connected death.	Married or registered the domestic partner as of the date of service-connected death.	Married or registered the domestic partner as of the date of service-connected death.
iii. Death after service pension	Married at least one year prior to the effective date of service pension and as of date of death.	Married or registered the domestic partner at least one year prior to the effective date of service pension and as of date of death.	Married or registered the domestic partner at least one year prior to the effective date of service pension and as of date of death.	Married or registered the domestic partner at least one year prior to the effective date of service pension and as of date of death.
iv. Death after nonservice-connected disability	Married at least one year prior to effective date of nonservice-connected disability pension and as of date of death.	Married or registered the domestic partner at least one year prior to effective date of nonservice-connected disability pension and as of date of death.	Married or registered the domestic partner at least one year prior to effective date of nonservice-connected disability pension and as of date of death.	Married or registered the domestic partner at least one year prior to effective date of nonservice-connected disability pension and as of date of death.
v. Death after service-connected disability	Married as of effective date of service-connected disability pension and as of date of death.	Married or registered the domestic partner as of effective date of service-connected disability pension and as of date of death.	Married or registered the domestic partner as of effective date of service-connected disability pension and as of date of death.	Married or registered the domestic partner as of effective date of service-connected disability pension and as of date of death.
b. Minor Child eligibility requirements	Legitimate or adopted child of a deceased member, until age 18 or marries, whichever comes first.	Legitimate or adopted child of a deceased member, until age 18 or marries, whichever comes first.	Child or adopted child of a deceased member, until age 18 (22 if a full-time student) or marries, whichever comes first.	Child or adopted child of a deceased member, until age 18 (22 if a full-time student) or marries, whichever comes first.
c. Dependent child eligibility requirements	Legitimate or adopted child of a deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood.	Legitimate or adopted child of a deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood.	Child of a deceased member who, prior to turning age 21, became mentally or physically disabled and cannot earn a livelihood.	Child of a 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 a deceased member who had at least one-half of their necessary living expenses provided by the member for at least one year prior to the member's death and be unable to pay necessary living expenses without the pension.	Natural parent of a deceased member who had at least one-half of their necessary living expenses provided by the member for at least one year prior to the member's death and be unable to pay necessary living expenses without the pension.	Parent of a deceased member who had at least one-half of their necessary living expenses provided by the member for at least one year prior to the member's death and be unable to pay necessary living expenses without the pension.	Parent of a deceased member who had at least one-half of their necessary living expenses provided by the member for at least one year prior to the member's death and be unable to pay necessary living expenses without the pension.
11. MISCELLANEOUS				
a. Vesting of service retirement	After 20 years of service.	After 20 years of service.	Tier 3: After 10 years of service. Tier 4: No vesting until retirement (20 years)	After 20 years of service.
b. Return of contributions with interest	On termination or death if no other benefits are payable.	On termination or death if no other benefits are payable.	<u>Tier 3</u> : On termination or death if no other benefits are payable (except basic death benefit). <u>Tier 4</u> : Upon death if no other benefits are payable (except basic death benefit). No refund upon termination.	On termination or death if no other benefits are payable (except basic death benefit).

	Tier 1	Tier 2	Tiers 3 and 4	Tier 5
c. Basic death benefit	None.	None.	If Member has at least one year of service, in addition to return of contributions, beneficiary receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).	If Member has at least one year of service, in addition to return of contributions, beneficiary receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).
d. Optional forms of benefit for Qualified Surviving Spouse (QSS) or Qualified Surviving Domestic Partner (QSDP)	None.	None.	At service or disability retirement, Member may elect higher QSS/QSDP benefit with corresponding actuarial reduction of retirement benefit.	At service or disability retirement, Member may elect higher QSS/QSDP benefit with corresponding actuarial reduction of retirement benefit.
e. Deferred Pension Option	None.	None.	Tier 3: Upon termination, can elect deferred pension option if member has at least 10 YOS and leaves contributions in Fund. Upon reaching age 50, member is entitled to receive a service pension using Tier 3 retirement formula. <u>Tier 4</u> : No Deferred Pension Option	<u>Tier 5</u> : Upon termination, can elect deferred pension option if member has at least 20 YOS and leaves contributions in Fund. Upon reaching age 50, member is entitled to receive a service pension using Tier 3 retirement formula.

The City of Los Angeles Fire and Police Pension Plan
Summary of Pension Plan Benefits

(concluded)

Deferred Retirement Option Plan (DROP): Elective after 25 years of service. Members in Tiers 3 and 5 must also be age 50.
Interest crediting rate on DROP monies is 5% per annum.
5-year maximum DROP period.
COLA amounts on DROP apply, with 3% cap for all tiers.
Employee contributions continue until year of service cap is met.

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the Pension Board should find the plan summary not in accordance with the actual provisions, the Pension Board should alert the actuary so they can both be sure the proper provisions are valued.

The City of Los Angeles Fire and Police Pension Plan
Summary of Health Subsidy Benefit Provisions

BASIC SUBSIDY

Eligibility:	Retired Members age 55 and over who retired with 10 or more years of service. Members who retire prior to July 1, 1998 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses/domestic partners are eligible for benefits upon the death of the Member. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Part A.
Amount of Subsidy:	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to City approved health carrier.
Maximum Subsidy:	Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. As of July 1, 2004, maximum is \$668 per month. For surviving spouses, the maximum subsidy is \$452.86 per month.
Increase in Subsidy:	Based on subsidy increases to active Fire and Police Members, providing increased subsidy maximum does not exceed civilian retiree subsidy maximum, subject to Board approval.
Spousal/Domestic Partner Portion:	Difference between Basic Subsidy amount and single-party premium.



The City of Los Angeles Fire and Police Pension Plan

Summary of Health Subsidy Benefits

MEDICARE-RELATED SUBSIDY

Eligibility: Retired Members over age 65 with 10 or more years of service who participate in Medicare Parts A & B.

Amount of Subsidy to Participant: 100% of actual premium up to civilian retiree limit to City approved health carrier with 20+ years of service.

90% of actual premium up to civilian retiree limit City approved health carrier with 15-19 years of service.

75% of actual premium up to civilian retiree limit to City approved health carrier with 10-14 years of service.

Surviving spouses/domestic partners are eligible for benefits upon the death of the Member.

Spousal Portion: Calculation based on Board of Fire and Police Pension Commissioners Resolution No. 9320: equal to the amount payable on behalf of the dependents of a retired member in the same plan, with the same years of service, who qualifies for a basic or Part B only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.

SPECIAL SUBSIDY

Eligibility: Various, based on effective date of retirement, rank at retirement, years of service and type of pension.

The benefit is paid temporarily until the Basic Subsidy becomes effective and is only available to eligible Members who retired between July 2, 1988 and June 30, 1998.

Amount of Subsidy:

Flat Amount Based on Years of Service	
20-24 years	\$75 - \$150 per month
25-29 years	\$150 - \$225 per month
30 and over	\$225 - \$300 per month

The City of Los Angeles Fire and Police Pension Plan

Summary of Health Subsidy Benefits

**MEDICARE PREMIUM
SUBSIDY**

For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provides payment of Part B premiums (\$66.60 per month for calendar year 2004).

DENTAL SUBSIDY

- Eligibility:** Retired Members age 55 and over who retired with 10 or more years of service. Subsidy is paid only to Members on service or disability retirements. Surviving spouses/domestic partners are not eligible for benefits upon the death of the Member.
- Amount of Subsidy:** 4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the single-party premium paid to City approved dental carrier.
- Maximum Subsidy:** Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. Effective January 1, 2004, maximum is \$39.86 per month

NOTE: The summary of major plan provisions is designed to outline principal plan benefits. If the Pension Board should find the plan summary not in accordance with the actual provisions, the Pension Board should alert the actuary so they can both be sure the proper provisions are valued.

Summary of Reported Asset Information

Submitted for the June 30, 2004 Valuation

Plan Assets:

The rates of return on plan assets are shown below. Asset information was provided by the Department of Pensions. We have not audited or verified these figures. These figures represent both pension and health subsidy reserves. The actuarial value of assets as of June 30, 2004 is a market-related value, described in detail on the following page.

<u>All Tiers Combined</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Actuarial Value</u>
Value of Assets at 6/30/2003	\$9,650,213,560	\$10,236,074,494	\$12,283,289,393
Contributions			
City	\$136,202,866	\$136,202,866	\$136,202,866
Members	\$76,608,611	\$76,608,611	\$76,608,611
Benefits Paid to Participants	\$565,770,657	\$565,770,657	\$565,770,657
Expenses Paid	\$39,787,206	\$39,787,206	\$39,787,206
Investment Earnings	\$962,088,492	\$1,766,630,785	\$451,152,077
Value of Assets at 6/30/2004	\$10,219,555,666	\$11,609,958,893	\$12,341,695,084
Rate of Return	10.10%	17.48%	3.71%

The breakdown of total plan assets between those available for pension benefits and those available for health subsidy benefits is as follows:

	<u>Book Value</u>	<u>Market Value</u>	<u>Actuarial Value</u>
Pension Benefits	\$9,717,757,534	\$11,039,889,521	\$11,735,696,180
Health Subsidy	<u>501,798,132</u>	<u>570,069,372</u>	<u>605,998,904</u>
Total	\$10,219,555,666	\$11,609,958,893	\$12,341,695,084

The City of Los Angeles Fire and Police Pension Plan

Derivation of Actuarial Value of Assets

	Year Ending				
	<u>June 30, 2004</u>	<u>June 30, 2003</u>	<u>June 30, 2002</u>	<u>June 30, 2001</u>	<u>June 30, 2000</u>
1. Beginning of Year Market Value	\$10,236,074,494	\$10,065,730,177	\$11,393,229,337	\$13,014,087,014	\$11,465,641,579
2. City Contributions	136,202,866	98,029,049	103,447,209	138,933,173	190,837,163
3. Member Contributions	76,608,611	73,270,752	60,805,614	58,165,860	57,134,923
4. Benefit Payments	565,770,657	530,621,472	500,387,023	477,341,383	446,619,051
5. Expenses Paid	39,787,206	30,871,278	34,523,358	29,405,558	43,464,739
6. Expected Return Based on 8.5% Assumption	860,480,230	844,168,369	957,068,054	1,098,942,020	972,400,366
7. Expected End of Year Market Value	10,734,796,512	10,543,194,286	11,979,639,833	13,803,381,126	12,195,930,241
8. Actual End of Year Market Value	11,609,958,892	10,236,074,494	10,065,730,177	11,393,229,337	13,014,087,014
9. Gain/(Loss)	875,162,380	(307,119,792)	(1,913,909,656)	(2,410,151,789)	818,156,773

1. Market Value at June 30, 2004	\$11,609,958,892
2004 Gain/(Loss) x 80%	700,129,904
2003 Gain/(Loss) x 60%	(184,271,876)
2002 Gain/(Loss) x 40%	(765,563,862)
2001 Gain/(Loss) x 20%	(482,030,358)
2. Preliminary Actuarial Value at June 30, 2004	12,341,695,084
3. 80% of Market Value at June 30, 2004	8,587,837,210
4. 120% of Market Value at June 30, 2004	12,881,755,814
5. Actuarial Value at June 30, 2004 (2), but no less than (3) and no more than (4)	\$12,341,695,084

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 2 - Fire Members

Attained Age	Years of Service												Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	4	0	0	0	0	4
Average Salary	0	0	0	0	0	0	0	0	89,878	0	0	0	0	89,878
45 - 49	0	0	0	0	0	0	0	0	24	28	0	0	0	52
Average Salary	0	0	0	0	0	0	0	0	89,593	89,835	0	0	0	89,724
50 - 54	0	0	0	0	0	0	0	0	6	27	1	0	0	34
Average Salary	0	0	0	0	0	0	0	0	84,676	94,708	94,816	0	0	92,941
55 - 59	0	0	0	0	0	0	0	0	0	13	8	0	0	21
Average Salary	0	0	0	0	0	0	0	0	0	96,574	94,714	0	0	95,866
60 - 64	0	0	0	0	0	0	0	0	0	0	2	1	0	3
Average Salary	0	0	0	0	0	0	0	0	0	0	87,630	82,502	0	85,921
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	34	68	11	1	0	114
Average Salary	0	0	0	0	0	0	0	0	88,759	93,058	93,435	82,502	0	91,720
Average Age:	50.4													
Average Service:	26.8													

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 2 - Police Members

Attained Age	Years of Service											Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>		<u>Over 34</u>
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	1	0	52	48	0	0	101
Average Salary	0	0	0	0	0	0	75,189	0	95,672	97,436	0	0	96,308
50 - 54	0	0	0	0	0	0	0	0	5	35	19	0	59
Average Salary	0	0	0	0	0	0	0	0	91,877	94,320	100,804	0	96,201
55 - 59	0	0	0	0	0	0	0	0	0	7	7	0	14
Average Salary	0	0	0	0	0	0	0	0	0	99,079	93,151	0	96,115
60 - 64	0	0	0	0	0	0	0	0	0	2	4	0	6
Average Salary	0	0	0	0	0	0	0	0	0	84,126	87,482	0	86,363
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	1	0	57	92	30	0	180
Average Salary	0	0	0	0	0	0	75,189	0	95,339	96,086	97,242	0	95,926
Average Age:	49.9												
Average Service:	26.7												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 3 - Fire Members

Attained Age	Years of Service												Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	3	0	0	0	0	0	0	0	3
Average Salary	0	0	0	0	0	72,555	0	0	0	0	0	0	0	72,555
35 - 39	0	0	0	0	0	3	10	1	0	0	0	0	0	14
Average Salary	0	0	0	0	0	78,716	80,516	82,502	0	0	0	0	0	80,272
40 - 44	0	0	0	0	0	1	6	7	0	0	0	0	0	14
Average Salary	0	0	0	0	0	72,208	81,261	79,073	0	0	0	0	0	79,521
45 - 49	0	0	0	0	0	1	2	2	0	0	0	0	0	5
Average Salary	0	0	0	0	0	78,180	78,450	86,542	0	0	0	0	0	81,633
50 - 54	0	0	0	0	0	1	1	3	0	0	0	0	0	5
Average Salary	0	0	0	0	0	72,208	81,161	79,664	0	0	0	0	0	78,472
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	9	19	13	0	0	0	0	0	41
Average Salary	0	0	0	0	0	75,156	80,568	80,623	0	0	0	0	0	79,397
Average Age:	41.6													
Average Service:	13.2													

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 3 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	15	0	0	0	0	0	0	15
Average Salary	0	0	0	0	0	70,687	0	0	0	0	0	0	70,687
30 - 34	0	0	0	2	1	283	15	0	0	0	0	0	301
Average Salary	0	0	0	62,849	65,981	73,225	79,127	0	0	0	0	0	73,427
35 - 39	0	0	0	1	0	221	134	19	0	0	0	0	375
Average Salary	0	0	0	75,460	0	73,937	80,695	81,878	0	0	0	0	76,758
40 - 44	0	0	2	1	0	81	99	65	3	0	0	0	251
Average Salary	0	0	69,844	60,406	0	74,326	79,544	81,443	91,473	0	0	0	78,341
45 - 49	0	0	0	0	0	53	33	28	7	0	0	0	121
Average Salary	0	0	0	0	0	76,404	80,591	83,314	82,366	0	0	0	79,490
50 - 54	0	0	0	0	0	23	10	10	3	0	0	0	46
Average Salary	0	0	0	0	0	79,752	80,392	85,093	77,667	0	0	0	80,916
55 - 59	0	0	0	0	0	9	0	5	0	0	0	0	14
Average Salary	0	0	0	0	0	82,824	0	81,127	0	0	0	0	82,218
60 - 64	0	0	0	0	0	5	1	2	0	0	0	0	8
Average Salary	0	0	0	0	0	81,749	110,580	87,999	0	0	0	0	86,916
Over 64	0	0	0	0	0	3	0	1	0	0	0	0	4
Average Salary	0	0	0	0	0	84,703	0	75,356	0	0	0	0	82,366
Total	0	0	2	4	1	693	292	130	13	0	0	0	1,135
Average Salary	0	0	69,844	65,391	65,981	74,222	80,304	82,232	83,383	0	0	0	76,763
Average Age:	38.8												
Average Service:	10.2												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 4 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	15	27	19	17	0	0	0	0	0	0	78
Average Salary	0	0	58,168	62,536	64,647	67,767	0	0	0	0	0	0	63,350
30 - 34	0	2	6	9	20	43	1	0	0	0	0	0	81
Average Salary	0	59,289	60,997	61,415	65,561	72,145	86,568	0	0	0	0	0	68,362
35 - 39	0	0	1	0	3	10	47	53	0	0	0	0	114
Average Salary	0	0	56,084	0	64,834	70,851	85,768	85,942	0	0	0	0	83,729
40 - 44	0	0	0	1	1	4	5	76	41	0	0	0	128
Average Salary	0	0	0	59,020	69,614	69,258	81,365	86,558	90,392	0	0	0	86,695
45 - 49	0	0	0	0	0	0	0	11	56	0	0	0	67
Average Salary	0	0	0	0	0	0	0	88,558	90,786	0	0	0	90,420
50 - 54	0	0	0	0	0	0	0	0	2	0	0	0	2
Average Salary	0	0	0	0	0	0	0	0	97,946	0	0	0	97,946
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	2	22	37	43	74	53	140	99	0	0	0	470
Average Salary	0	59,289	58,845	62,169	65,201	70,808	85,368	86,482	90,767	0	0	0	79,521
Average Age:	37.4												
Average Service:	13.1												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 5 - Fire Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	35	12	7	2	0	0	0	0	0	0	0	0	56
Average Salary	49,978	55,391	64,828	61,591	0	0	0	0	0	0	0	0	53,409
25 - 29	88	74	70	66	16	2	0	0	0	0	0	0	316
Average Salary	50,500	57,495	65,098	66,521	73,034	61,735	0	0	0	0	0	0	59,930
30 - 34	50	54	78	90	34	57	24	0	0	0	0	0	387
Average Salary	50,185	58,200	67,182	68,667	72,703	76,739	83,026	0	0	0	0	0	66,953
35 - 39	21	26	42	37	23	74	131	87	0	0	0	0	441
Average Salary	50,741	61,814	64,578	67,770	73,328	76,625	83,147	88,121	0	0	0	0	76,662
40 - 44	5	5	7	9	2	44	152	285	116	0	0	0	625
Average Salary	51,056	56,210	64,003	69,467	81,093	75,619	81,870	86,332	91,510	0	0	0	84,421
45 - 49	2	2	4	0	0	3	28	170	287	108	0	0	604
Average Salary	47,878	65,086	72,340	0	0	68,583	80,780	83,966	89,412	97,615	0	0	88,511
50 - 54	0	0	0	0	0	0	0	27	127	251	49	0	454
Average Salary	0	0	0	0	0	0	0	83,052	88,239	95,268	91,924	0	92,214
55 - 59	0	0	0	0	0	0	1	2	5	128	148	11	295
Average Salary	0	0	0	0	0	0	81,161	82,573	83,593	91,261	93,108	99,109	92,257
60 - 64	0	0	0	0	0	0	0	0	2	7	40	30	79
Average Salary	0	0	0	0	0	0	0	0	91,154	87,479	89,411	95,815	91,716
Over 64	0	0	0	0	0	0	0	0	1	2	1	17	21
Average Salary	0	0	0	0	0	0	0	0	89,497	91,668	81,161	97,881	96,094
Total	201	173	208	204	75	180	336	571	538	496	238	58	3,278
Average Salary	50,344	58,269	65,868	67,776	73,189	76,115	82,358	85,732	89,540	94,621	92,192	97,045	81,213
Average Age:	42.7												
Average Service:	16.3												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Tier 5 - Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	81	45	4	0	0	0	0	0	0	0	0	0	130
Average Salary	50,925	54,341	56,856	0	0	0	0	0	0	0	0	0	52,290
25 - 29	237	184	76	87	86	120	0	0	0	0	0	0	790
Average Salary	52,264	55,776	59,937	62,324	65,885	70,189	0	0	0	0	0	0	59,134
30 - 34	127	124	52	89	116	1,024	27	0	0	0	0	0	1,559
Average Salary	52,656	57,628	60,101	63,944	67,370	74,179	81,566	0	0	0	0	0	69,676
35 - 39	54	33	12	25	54	727	509	131	0	0	0	0	1,545
Average Salary	52,680	58,374	59,942	63,558	67,538	75,037	82,202	86,363	0	0	0	0	76,656
40 - 44	12	10	3	7	11	244	377	508	86	0	0	0	1,258
Average Salary	56,419	56,700	68,008	63,208	65,315	75,917	83,262	87,079	91,910	0	0	0	83,198
45 - 49	3	1	0	1	4	59	108	246	366	69	0	0	857
Average Salary	57,483	72,215	0	62,494	67,247	75,586	83,304	87,422	92,052	98,466	0	0	88,709
50 - 54	1	1	0	2	0	12	10	84	185	255	115	0	665
Average Salary	54,455	70,282	0	64,728	0	76,802	81,075	87,872	89,710	92,956	97,611	0	91,569
55 - 59	0	0	0	0	0	1	0	22	50	114	236	25	448
Average Salary	0	0	0	0	0	73,498	0	84,572	89,190	93,133	94,384	99,417	93,239
60 - 64	0	0	0	0	0	0	0	1	1	16	38	43	99
Average Salary	0	0	0	0	0	0	0	78,029	87,404	89,565	90,234	96,271	92,596
Over 64	0	0	0	0	0	0	0	0	0	0	2	9	11
Average Salary	0	0	0	0	0	0	0	0	0	0	85,190	90,946	89,900
Total	515	398	147	211	271	2,187	1,031	992	688	454	391	77	7,362
Average Salary	52,325	56,507	60,076	63,206	66,847	74,491	82,678	87,072	91,190	93,719	94,883	96,670	77,979
Average Age:	39.5												
Average Service:	12.6												

The City Of Los Angeles Fire and Police Pension Systems
Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2004

Total For All Fire And Police Members

Attained Age	Years of Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	116	57	11	2	0	0	0	0	0	0	0	0	186
Average Salary	50,640	54,562	61,929	61,591	0	0	0	0	0	0	0	0	52,627
25 - 29	325	260	170	185	122	154	0	0	0	0	0	0	1,216
Average Salary	51,787	56,293	62,176	63,844	66,736	69,860	0	0	0	0	0	0	59,826
30 - 34	177	181	137	194	173	1,411	68	0	0	0	0	0	2,341
Average Salary	51,958	57,919	64,170	66,177	68,244	74,023	81,565	0	0	0	0	0	69,675
35 - 39	75	62	56	65	81	1,035	834	296	0	0	0	0	2,504
Average Salary	52,137	60,775	63,689	66,480	69,030	74,886	82,306	86,506	0	0	0	0	77,042
40 - 44	17	18	13	19	14	375	639	952	252	0	0	0	2,299
Average Salary	54,842	58,762	65,508	65,811	67,876	75,442	82,321	86,373	91,371	0	0	0	83,162
45 - 49	5	3	4	1	4	116	172	457	799	253	0	0	1,814
Average Salary	53,641	67,462	72,340	62,494	67,247	75,801	82,269	85,908	91,027	96,952	0	0	88,508
50 - 54	1	1	0	2	0	36	21	124	329	568	184	0	1,266
Average Salary	54,455	70,282	0	64,728	0	78,559	80,754	86,400	88,995	94,145	96,411	0	91,616
55 - 59	0	0	0	0	0	10	1	29	55	262	399	36	792
Average Salary	0	0	0	0	0	81,891	81,161	83,840	88,681	92,548	93,896	99,323	92,799
60 - 64	0	0	0	0	0	5	1	3	3	25	84	74	195
Average Salary	0	0	0	0	0	81,749	110,580	84,675	89,904	88,546	89,649	95,900	91,712
Over 64	0	0	0	0	0	3	0	1	1	2	3	26	36
Average Salary	0	0	0	0	0	84,703	0	75,356	89,497	91,668	83,847	95,480	92,676
Total	716	582	391	468	394	3,145	1,736	1,862	1,439	1,110	670	136	12,649
Average Salary	51,769	57,265	63,299	65,248	67,915	74,437	82,276	86,234	90,530	94,277	94,009	96,726	79,137
Average Age:	40.4												
Average Service:	13.7												

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 1 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	2	13	16	14	147	41	233
1985	0	0	1	1	1	0	0	0	3
1986	0	0	1	3	0	1	0	0	5
1987	0	0	1	1	0	0	1	0	3
1988	0	0	1	0	0	0	0	0	1
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	1	0	0	0	0	1
1992	0	0	0	1	0	0	0	0	1
1993	0	0	1	1	0	0	0	0	2
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	1	0	0	0	0	0	1
1997	0	0	0	1	0	0	0	0	1
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	1	1	0	0	0	0	2
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0	0
TOTALS	0	0	9	23	17	15	148	41	253

Group Averages

Age at Retirement: 46.6
Attained Age: 81.6
Annual Pension: \$22,414

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 2 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	38	233	356	570	1,203	77	2,477
1985	0	0	28	42	36	15	3	0	124
1986	0	0	35	48	33	11	0	0	127
1987	0	1	46	58	32	19	4	0	160
1988	0	11	62	69	39	14	1	0	196
1989	0	48	63	63	32	8	1	0	215
1990	0	45	84	80	39	13	1	0	262
1991	0	40	90	60	16	6	0	0	212
1992	0	57	132	91	31	10	0	0	321
1993	0	77	138	72	13	1	1	0	302
1994	0	100	92	22	4	1	0	0	219
1995	0	109	72	33	4	0	1	0	219
1996	0	90	68	37	6	0	0	0	201
1997	0	87	61	24	3	1	0	0	176
1998	2	80	101	27	5	0	1	0	216
1999	1	177	134	22	5	0	0	0	339
2000	8	176	96	18	2	0	0	0	300
2001	11	89	40	6	1	0	0	0	147
2002	8	37	6	1	0	0	0	0	52
2003	6	13	1	0	0	0	0	0	20
2004	5	6	1	0	0	0	0	0	12
TOTALS	41	1,243	1,388	1,006	657	669	1,216	77	6,297

Group Averages

Age at Retirement: 50.7
Attained Age: 68.2
Annual Pension: \$46,713

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 3 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	1	0	1
1986	0	0	0	0	1	1	0	0	2
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	1	0	0	0	1
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	1	0	0	0	0	1
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	2	0	0	0	0	2
1995	0	0	3	0	0	0	0	0	3
1996	0	1	3	0	0	0	0	0	4
1997	0	1	2	0	0	0	0	0	3
1998	0	4	1	0	0	0	0	0	5
1999	0	4	1	2	0	0	0	0	7
2000	0	5	2	0	0	0	0	0	7
2001	0	6	1	0	0	0	0	0	7
2002	0	4	0	1	0	0	0	0	5
2003	0	6	0	0	0	0	0	0	6
2004	0	3	0	0	0	0	0	0	3
TOTALS	0	34	13	6	2	1	1	0	57

Group Averages

Age at Retirement: 52.4
Attained Age: 58.4
Annual Pension: \$31,823

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 4 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	3	0	0	0	0	0	0	3
2000	1	0	0	0	0	0	0	0	1
2001	6	0	0	0	0	0	0	0	6
2002	8	0	0	0	0	0	0	0	8
2003	7	1	0	0	0	0	0	0	8
2004	16	1	0	0	0	0	0	0	17
TOTALS	38	5	0	0	0	0	0	0	43

Group Averages

Age at Retirement: 44.1
Attained Age: 46.0
Annual Pension: \$36,395

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 5 - Service Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	159	85	21	5	0	0	0	270
2003	0	73	17	3	1	0	0	0	94
2004	0	29	2	0	0	0	0	0	31
TOTALS	0	261	104	24	6	0	0	0	395

Group Averages

Age at Retirement: 56.1
Attained Age: 58.1
Annual Pension: \$74,184

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 1 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	13	26	38	50	103	11	241
1985	0	0	1	0	0	0	0	0	1
1986	0	0	0	1	0	0	0	0	1
1987	0	0	0	0	1	0	0	0	1
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	1	0	0	0	0	1
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
2003	0	0	0	0	0	0	0	0	0
2004	0	0	0	0	0	0	0	0	0
TOTALS	0	0	14	28	39	50	103	11	245

Group Averages

Age at Retirement: 37.8
Attained Age: 76.9
Annual Pension: \$26,345

The City Of Los Angeles Fire and Police Pension Systems
Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 2 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	3	221	222	191	137	84	68	1	927
1985	0	12	20	19	10	6	1	0	68
1986	0	10	22	13	10	6	2	0	63
1987	2	11	12	11	13	7	0	0	56
1988	1	18	21	17	12	6	0	0	75
1989	0	12	15	9	7	4	0	0	47
1990	0	12	17	13	10	4	0	0	56
1991	0	14	17	11	4	3	0	0	49
1992	0	27	28	21	8	1	1	0	86
1993	1	23	14	15	6	1	0	0	60
1994	1	21	14	13	7	0	0	0	56
1995	0	30	13	11	4	0	0	0	58
1996	0	14	12	15	2	2	0	0	45
1997	2	14	19	9	2	0	0	0	46
1998	1	10	11	5	1	1	0	0	29
1999	2	17	22	9	3	0	0	0	53
2000	1	28	19	7	1	1	0	0	57
2001	2	19	9	6	0	1	0	0	37
2002	0	14	3	3	1	0	0	0	21
2003	1	14	3	0	0	0	0	0	18
2004	0	5	2	1	0	0	0	0	8
TOTALS	17	546	515	399	238	127	72	1	1,915

Group Averages

Age at Retirement: 45.4
Attained Age: 63.7
Annual Pension: \$46,170

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 3 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	2	2	0	1	0	0	0	5
1985	0	0	0	0	0	0	0	0	0
1986	1	3	1	2	0	0	0	0	7
1987	1	2	0	0	1	0	0	0	4
1988	1	3	0	0	0	0	0	0	4
1989	4	1	1	0	0	0	0	0	6
1990	3	0	0	1	0	0	0	0	4
1991	2	1	0	0	0	0	0	0	3
1992	4	4	0	0	0	0	0	0	8
1993	3	8	0	0	0	0	0	0	11
1994	10	4	0	0	0	0	0	0	14
1995	5	3	1	0	0	0	0	0	9
1996	12	2	1	0	0	0	0	0	15
1997	10	6	0	0	0	0	0	0	16
1998	15	6	0	0	0	0	0	0	21
1999	10	9	1	0	0	0	0	0	20
2000	18	5	0	0	0	0	0	0	23
2001	8	2	0	0	0	0	0	0	10
2002	4	4	0	0	0	0	0	0	8
2003	8	0	0	0	0	0	0	0	8
2004	3	1	0	0	0	0	0	0	4
TOTALS	122	66	7	3	2	0	0	0	200

Group Averages

Age at Retirement: 39.0
Attained Age: 47.4
Annual Pension: \$32,643

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 4 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	1	0	0	0	0	0	0	0	1
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	1	1	0	0	0	0	0	0	2
2002	6	0	0	0	0	0	0	0	6
2003	3	1	0	0	0	0	0	0	4
2004	5	1	0	0	0	0	0	0	6
TOTALS	16	3	0	0	0	0	0	0	19

Group Averages

Age at Retirement: 42.5
Attained Age: 44.5
Annual Pension: \$43,665

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 5 - Disability Retirement

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
2003	0	5	0	0	0	0	0	0	5
2004	1	1	0	0	0	0	0	0	2
TOTALS	1	6	0	0	0	0	0	0	7

Group Averages

Age at Retirement: 48.3
Attained Age: 49.4
Annual Pension: \$54,286

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 1 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	2	1	8	7	9	27	130	79	263
1985	0	0	0	0	0	2	5	5	12
1986	0	0	0	0	1	0	8	6	15
1987	0	0	0	1	1	3	5	4	14
1988	0	0	0	0	1	2	7	6	16
1989	0	0	0	2	1	1	8	6	18
1990	0	0	0	0	1	2	14	3	20
1991	0	0	0	1	1	4	5	3	14
1992	0	0	2	0	2	1	10	3	18
1993	1	0	1	0	0	2	12	6	22
1994	0	0	2	1	0	3	5	4	15
1995	0	0	0	2	1	4	10	7	24
1996	2	1	0	0	3	5	10	6	27
1997	0	0	0	0	0	4	11	5	20
1998	0	0	0	0	3	7	10	1	21
1999	0	1	0	2	3	5	7	2	20
2000	0	0	1	0	6	6	10	1	24
2001	0	1	3	5	3	11	22	6	51
2002	0	1	2	0	2	6	13	5	29
2003	0	0	0	2	3	3	18	3	29
2004	0	1	0	1	3	1	7	0	13
TOTALS	5	6	19	24	44	99	327	161	685

Group Averages

Age at Retirement: N/A
Attained Age: 82.6
Annual Pension: \$25,275

The City Of Los Angeles Fire and Police Pension Systems
Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 2 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	1	31	29	27	35	55	113	12	303
1985	1	3	5	7	3	3	17	0	39
1986	0	2	3	2	8	2	10	2	29
1987	0	3	1	3	2	7	16	2	34
1988	0	11	3	2	5	7	16	4	48
1989	0	3	0	4	4	2	13	1	27
1990	0	5	3	3	6	5	12	3	37
1991	2	4	6	0	1	14	29	4	60
1992	0	5	7	7	6	11	14	3	53
1993	3	8	5	3	5	7	21	2	54
1994	1	9	2	3	10	8	17	2	52
1995	2	4	5	8	9	15	33	0	76
1996	3	6	3	11	11	16	37	3	90
1997	3	8	3	4	8	14	20	3	63
1998	2	14	3	8	13	18	26	7	91
1999	0	8	5	9	7	14	21	0	64
2000	2	11	3	11	6	22	39	2	96
2001	3	9	10	13	12	29	27	4	107
2002	5	5	10	9	10	18	29	2	88
2003	3	6	5	13	14	27	20	4	92
2004	4	8	4	9	17	18	33	2	95
TOTALS	35	163	115	156	192	312	563	62	1,598

Group Averages

Age at Retirement: N/A
Attained Age: 73.8
Annual Pension: \$39,131

The City Of Los Angeles Fire and Police Pension Systems
Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 3 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	1	2	0	0	0	0	0	0	3
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	3	0	0	1	0	0	0	0	4
1990	1	0	0	0	0	1	0	0	2
1991	1	1	0	0	0	0	0	0	2
1992	2	0	1	0	0	0	0	0	3
1993	2	1	0	0	0	0	0	0	3
1994	1	1	0	1	0	0	0	0	3
1995	3	0	0	0	0	0	0	0	3
1996	0	0	0	1	0	0	0	0	1
1997	6	0	0	1	0	0	0	0	7
1998	6	0	0	0	0	0	0	0	6
1999	8	0	0	0	0	0	0	0	8
2000	2	0	0	0	0	0	0	0	2
2001	2	0	0	1	0	0	0	0	3
2002	3	0	0	0	0	0	0	0	3
2003	1	0	0	0	0	0	0	0	1
2004	1	1	0	0	0	1	0	0	3
TOTALS	43	6	1	5	0	2	0	0	57

Group Averages

Age at Retirement: N/A
Attained Age: 41.3
Annual Pension: \$39,553

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 4 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	1	0	0	0	0	0	0	0	1
2001	0	0	0	0	0	0	0	0	0
2002	0	0	0	0	0	0	0	0	0
2003	1	0	0	0	0	0	0	0	1
2004	0	0	0	0	0	0	0	0	0
TOTALS	2	0	0	0	0	0	0	0	2

Group Averages

Age at Retirement: N/A
Attained Age: 42.2
Annual Pension: \$74,612

The City Of Los Angeles Fire and Police Pension Systems
 Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Tier 5 - Surviving Spouses and Dependents

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	0	0	0	0	0	0	0	0	0
1985	0	0	0	0	0	0	0	0	0
1986	0	0	0	0	0	0	0	0	0
1987	0	0	0	0	0	0	0	0	0
1988	0	0	0	0	0	0	0	0	0
1989	0	0	0	0	0	0	0	0	0
1990	0	0	0	0	0	0	0	0	0
1991	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0
1996	0	0	0	0	0	0	0	0	0
1997	0	0	0	0	0	0	0	0	0
1998	0	0	0	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0
2002	0	1	0	1	0	0	0	0	2
2003	1	0	0	0	0	0	0	0	1
2004	3	1	2	0	0	0	0	0	6
TOTALS	4	2	2	1	0	0	0	0	9

Group Averages

Age at Retirement: N/A
Attained Age: 51.3
Annual Pension: \$57,135

The City Of Los Angeles Fire and Police Pension Systems
Distribution of Pensioners by Plan Year of Retirement and by Attained Age as of June 30, 2004

Total for All Pensioners

<u>Year Retired</u>	<u>Age Groups</u>								<u>Total</u>
	<u>Under 50</u>	<u>50-59</u>	<u>60-64</u>	<u>65-69</u>	<u>70-74</u>	<u>75-79</u>	<u>80-89</u>	<u>90+</u>	
Pre-1985	6	255	314	497	592	800	1,764	221	4,449
1985	2	17	55	69	50	26	27	5	251
1986	1	15	62	69	53	21	20	8	249
1987	3	17	60	74	50	36	26	6	272
1988	2	43	87	88	58	29	24	10	341
1989	7	64	79	80	44	15	22	7	318
1990	4	62	104	97	56	25	27	6	381
1991	5	60	113	73	22	27	34	7	341
1992	6	93	170	121	47	23	25	6	491
1993	10	117	159	91	24	11	34	8	454
1994	13	135	110	42	21	12	22	6	361
1995	10	146	94	54	18	19	44	7	392
1996	17	114	88	64	22	23	47	9	384
1997	21	116	85	39	13	19	31	8	332
1998	27	114	116	40	22	26	37	8	390
1999	21	219	163	44	18	19	28	2	514
2000	33	225	122	37	15	29	49	3	513
2001	33	127	63	31	16	41	49	10	370
2002	34	225	106	36	18	24	42	7	492
2003	31	119	26	18	18	30	38	7	287
2004	38	58	11	11	20	20	40	2	200
TOTALS	324	2,341	2,187	1,675	1,197	1,275	2,430	353	11,782

Group Averages

Age at Retirement: 49.1
Attained Age: 68.5
Annual Pension: \$43,955

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

Active Members			Averages			
			No.	Annual Compensation	Annual Compensation	Age
TIER 2						
Fire	6/30/2004	114	\$10,456,074	\$91,720	50.4	26.8
	6/30/2003	127	11,318,410	89,121	50.0	26.1
	Percent Change	-10.2%	-7.6%	2.9%	0.8%	2.5%
Police	6/30/2004	180	17,266,710	95,926	49.9	26.7
	6/30/2003	200	18,732,772	93,664	49.3	25.8
	Percent Change	-10.0%	-7.8%	2.4%	1.3%	3.3%
TIER 3						
Fire	6/30/2004	41	3,255,294	79,397	41.6	13.2
	6/30/2003	43	3,308,194	76,935	40.8	12.4
	Percent Change	-4.7%	-1.6%	3.2%	1.9%	6.0%
Police	6/30/2004	1,135	87,125,775	76,763	38.8	10.2
	6/30/2003	1,193	88,510,816	74,192	37.9	9.3
	Percent Change	-4.9%	-1.6%	3.5%	2.4%	9.9%
TIER 4						
Fire	6/30/2004	69	5,231,324	75,816	36.2	9.8
	6/30/2003	74	5,280,937	71,364	35.3	8.8
	Percent Change	-6.8%	-0.9%	6.2%	2.5%	11.3%
Police	6/30/2004	470	37,374,823	79,521	37.4	13.1
	6/30/2003	498	38,099,058	76,504	36.6	12.3
	Percent Change	-5.6%	-1.9%	3.9%	2.1%	6.3%
TIER 5						
Fire	6/30/2004	3,278	266,215,952	81,213	42.7	16.3
	6/30/2003	3,183	252,629,192	79,368	42.6	16.2
	Percent Change	3.0%	5.4%	2.3%	0.2%	0.3%
Police	6/30/2004	7,362	574,077,985	77,979	39.5	12.6
	6/30/2003	7,340	552,847,341	75,320	38.9	12.0
	Percent Change	0.3%	3.8%	3.5%	1.6%	5.3%

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

Active Members		<u>No.</u>	<u>Annual Compensation</u>	<u>Averages</u>		
				<u>Annual Compensation</u>	<u>Age</u>	<u>Service</u>
TOTAL						
Fire	6/30/2004	3,502	\$285,158,644	\$81,427	42.8	16.4
	6/30/2003	3,427	272,536,733	79,526	42.7	16.4
	Percent Change	2.2%	4.6%	2.4%	0.2%	0.0%
Police	6/30/2004	9,147	715,845,293	78,260	39.5	12.6
	6/30/2003	9,231	698,189,987	75,635	38.9	12.0
	Percent Change	-0.9%	2.5%	3.5%	1.5%	5.0%
Grand Total	6/30/2004	12,649	\$1,001,003,937	\$79,137	40.4	13.7
Grand Total	6/30/2003	12,658	970,726,720	76,689	39.9	13.2
Percent Change		-0.1%	3.1%	3.2%	1.3%	3.8%

Valuation pays exclude July 1 increases

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

Pensioners		<u>No.</u>	<u>Annual Allowance</u>	<u>Average</u>			<u>New Retirees</u>		
				<u>Annual Allowance</u>	<u>Attained Age</u>	<u>Age at Retirement</u>	<u>No.</u>	<u>Age</u>	<u>Average Allowance</u>
TIER 1									
Service Retirement	6/30/2004	253	\$5,670,730	\$22,414	81.6	46.6	N/A	N/A	N/A
	6/30/2003	276	6,062,167	21,964	80.8	46.6	N/A	N/A	N/A
	Percent Change	-8.3%	-6.5%	2.0%					
Disability Retirement	6/30/2004	245	6,454,568	26,345	76.9	37.8	N/A	N/A	N/A
	6/30/2003	257	6,610,567	25,722	76.3	37.9	N/A	N/A	N/A
	Percent Change	-4.7%	-2.4%	2.4%					
Survivors & Dependents	6/30/2004	685	17,313,424	25,275	82.6	N/A	N/A	N/A	N/A
	6/30/2003	728	18,297,842	25,134	82.2	N/A	N/A	N/A	N/A
	Percent Change	-5.9%	-5.4%	0.6%					
TIER 2									
Service Retirement	6/30/2004	6,297	\$294,151,672	\$46,713	68.2	50.7	15	51.2	\$53,208
	6/30/2003	6,436	294,853,266	45,813	67.5	50.8	33	50.3	54,963
	Percent Change	-2.2%	-0.2%	2.0%					
Disability Retirement	6/30/2004	1,915	88,414,904	46,170	63.7	45.4	8	57.1	62,134
	6/30/2003	1,935	87,376,634	45,156	62.9	45.4	12	54.8	67,219
	Percent Change	-1.0%	1.2%	2.2%					
Survivors & Dependents	6/30/2004	1,598	62,531,024	39,131	73.8	N/A	N/A	N/A	N/A
	6/30/2003	1,572	60,314,153	38,368	73.3	N/A	N/A	N/A	N/A
	Percent Change	1.7%	3.7%	2.0%					

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

Pensioners		No.	Annual Allowance	Average			New Retirees		
				Annual Allowance	Attained Age	Age at Retirement	No.	Age	Average Allowance
TIER 3									
Service Retirement	6/30/2004	57	\$1,813,918	\$31,823	58.4	52.4	4	50.0	\$20,875
	6/30/2003	55	1,769,630	32,175	57.9	52.6	6	52.4	24,676
	Percent Change	3.6%	2.5%	-1.1%					
Disability Retirement	6/30/2004	200	6,528,681	32,643	47.4	39.0	6	46.8	45,244
	6/30/2003	182	5,707,781	31,361	46.5	38.5	3	43.6	42,388
	Percent Change	9.9%	14.4%	4.1%					
Survivors & Dependents	6/30/2004	57	2,254,537	39,553	41.3	N/A	N/A	N/A	N/A
	6/30/2003	56	2,167,017	38,697	38.0	N/A	N/A	N/A	N/A
	Percent Change	1.8%	4.0%	2.2%					
TIER 4									
Service Retirement	6/30/2004	43	\$1,564,980	\$36,395	46.0	44.1	19	44.1	\$36,282
	6/30/2003	24	859,289	35,804	46.0	44.2	8	43.9	35,989
	Percent Change	79.2%	82.1%	1.7%					
Disability Retirement	6/30/2004	19	829,643	43,665	44.5	42.5	6	44.3	43,944
	6/30/2003	11	491,836	44,712	43.7	42.1	5	41.8	56,471
	Percent Change	72.7%	68.7%	-2.3%					
Survivors & Dependents	6/30/2004	2	149,224	74,612	42.2	N/A	N/A	N/A	N/A
	6/30/2003	2	146,441	73,221	41.2	N/A	N/A	N/A	N/A
	Percent Change	0.0%	1.9%	1.9%					

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

Pensioners		<u>No.</u>	<u>Annual Allowance</u>	<u>Average</u>			<u>New Retirees</u>		
				<u>Annual Allowance</u>	<u>Attained Age</u>	<u>Age at Retirement</u>	<u>No.</u>	<u>Age</u>	<u>Average Allowance</u>
TIER 5									
Service Retirement	6/30/2004	395	\$29,302,491	\$74,184	58.1	56.1	37	53.9	\$63,151
	6/30/2003	275	19,874,796	72,272	57.4	56.3	98	55.6	72,863
	Percent Change	43.6%	47.4%	2.6%					
Disability Retirement	6/30/2004	7	380,002	54,286	49.4	48.3	3	44.5	53,340
	6/30/2003	3	170,157	56,719	52.0	51.4	3	51.4	56,719
	Percent Change	133.3%	123.3%	-4.3%					
Survivors & Dependents	6/30/2004	9	514,218	57,135	51.3	N/A	N/A	N/A	N/A
	6/30/2003	2	170,561	85,281	58.6	N/A	N/A	N/A	N/A
	Percent Change	350.0%	201.5%	-33.0%					

ALL TIERS COMBINED

Service Retirement	6/30/2004	7,045	\$332,503,790	\$47,197	67.9	50.8	75	50.7	\$52,101
	6/30/2003	7,066	323,419,148	45,771	67.5	50.8	145	53.6	64,761
	Percent Change	-0.3%	2.8%	3.1%					
Disability Retirement	6/30/2004	2,386	102,607,797	43,004	63.5	44.1	23	49.4	51,836
	6/30/2003	2,388	100,356,975	42,026	63.0	44.1	23	50.1	60,274
	Percent Change	-0.1%	2.2%	2.3%					
Survivors & Dependents	6/30/2004	2,351	82,762,426	35,203	75.5	N/A	N/A	N/A	N/A
	6/30/2003	2,360	81,096,014	34,363	75.2	N/A	N/A	N/A	N/A
	Percent Change	-0.4%	2.1%	2.4%					
Total - All Pensioners	6/30/2004	11,782	517,874,014	43,955	68.5	49.1	98	50.4	52,039
	6/30/2003	11,814	504,872,137	42,735	68.1	49.1	168	53.1	64,147
	Percent Change	-0.3%	2.6%	2.9%					

The City of Los Angeles Fire and Police Pension Plan

Membership Summary

In the June 30, 2004 Actuarial Valuation

New Retirees

	<u>Fire</u>			<u>Police</u>			<u>Total</u>		
	<u>No.</u>	<u>Age</u>	<u>Years of Service</u>	<u>No.</u>	<u>Age</u>	<u>Years of Service</u>	<u>No.</u>	<u>Age</u>	<u>Years of Service</u>
TIER 2									
Service Retirement	5	52.9	26.8	10	51.3	25.8	15	51.8	26.1
Disability Retirement	6	59.5	31.3	2	52.6	27.0	8	57.8	30.3
Total	11	56.7	29.4	12	51.5	26.0	23	53.9	27.6
TIER 3									
Service Retirement	0	N/A	N/A	4	50.6	12.5	4	50.6	12.5
Disability Retirement	1	47.8	21.0	5	47.3	15.0	6	47.4	16.0
Total	1	47.8	21.0	9	48.8	13.9	10	48.7	14.6
TIER 4									
Service Retirement	1	50.0	22.0	18	44.3	20.2	19	44.6	20.3
Disability Retirement	1	43.4	18.0	5	45.1	17.2	6	44.9	17.3
Total	2	46.7	20.0	23	44.5	19.6	25	44.7	19.6
TIER 5									
Service Retirement	7	54.6	26.9	30	54.5	25.6	37	54.5	25.8
Disability Retirement	0	N/A	N/A	3	45.1	18.3	3	45.1	18.3
Total	7	54.6	26.9	33	53.7	24.9	40	53.8	25.3
ALL TIERS COMBINED									
Service Retirement	13	53.6	26.5	62	50.8	23.2	75	51.3	23.8
Disability Retirement	8	56.0	28.4	15	46.9	18.0	23	50.0	21.6
Total - All New Retirees	21	54.5	27.2	77	50.0	22.2	98	51.0	23.3

ACTUARIAL COST METHODS, ACTUARIAL ASSUMPTIONS

AND

DEFINITIONS OF TECHNICAL TERMS

The City of Los Angeles Fire and Police Pension Plan

Actuarial Cost Methods - June 30, 2004

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an individual entry age actuarial cost method having the following characteristics:

- (i) the annual normal costs for each active member, payable from the date of entry into the system to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liability. For Tiers 3-5, each year's actuarial gain (loss) is funded (or credited, if negative) in fifteen installments. Any liability changes due to benefit or assumption changes are funded over 30 years. For Tier 1, level-dollar amortization is used ending on June 30, 2037. For Tier 2, level-percent-of-payroll amortization is used ending on June 30, 2037 as a percent of TOTAL valuation payroll.

Active member payroll in aggregate is assumed to increase 5% a year for the purpose of determining the level percent contributions, although individual annual pay increase rates will increase by greater percentages per year for the purpose of projecting individual pays.

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

The contribution requirements and benefit values of the Fund are calculated by applying actuarial assumptions to the benefit provisions and member information furnished, using the actuarial cost methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) long-term rates of investment return to be generated by the assets of the Fund.
- (ii) patterns of pay increases to members.
- (iii) rates of mortality among members, retirants, and beneficiaries.
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit).
- (v) rates of disability among members.
- (vi) the age patterns of actual retirements.

In making a valuation, the monetary effect of each assumption is calculated for as long as a present covered person survives -- a period of time which can be as long as a century.

Actual experience of the System will not coincide exactly with assumed experience, regardless of the choice of the assumptions, the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate. From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

The Entry Age Normal Actuarial Cost Method was used in conjunction with the following actuarial assumptions.

The investment return rate used for the actuarial valuation calculations was 8.5% a year, net of administrative expenses, compounded annually. This assumption, used to equate the value of payments due at different points in time, is adopted by the Pension Board. The rate is comprised of two elements:

General Inflation	5.0%
Real Rate of Return	<u>3.5%</u>
Total	8.5%

The general inflation rate used for the actuarial valuation calculations was 5% per year, compounded annually. It represents the difference between the investment return rate and the assumed real rate of return.

Inflation actually experienced, as measured by the Consumer Price Index for urban wage earners, has been as follows:

Consumer Price Index	
Urban Wage Earners and Clerical Workers Before 1978	
All Urban Consumers After 1977	
<u>10 Year Moving Averages</u>	
June 30, 1964	1.4 %
June 30, 1974	4.7%
June 30, 1984	7.8%
June 30, 1994	3.6%
June 30, 2004	2.5%
50-Year Average	4.0%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

Compensation increase rates used to project current pays to those, upon which a benefit will be based, are represented by the following table.

Annual Rate of Compensation Increase

General Inflation	5.0%
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plus

Merit & Longevity	See Table Below for Sample Ages
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<u>Age</u>	<u>Additional Salary Increase</u>
20	5.00%
25	4.00%
30	3.00%
35	2.00%
40	1.00%
45	0.75%
50	0.50%
55	0.50%
60	0.50%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

Rates of separation from active membership are shown below (rates do not include separation on account of retirement). This assumption measures the probabilities of members remaining in employment. All decrements are assumed to occur at the beginning of the valuation year.

Fire Members

Sample Ages	% of Active Members Separating Within Next Year						
	<u>Withdrawal*</u>	<u>Death</u>		<u>Death while eligible for:</u>		<u>Disability</u>	
		<u>Ordinary</u>	<u>Service</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Ordinary</u>	<u>Service</u>
20	7.75%	0.00%	0.01%	0.00%	0.00%	0.00%	0.02%
25	3.78%	0.00%	0.02%	0.00%	0.00%	0.00%	0.02%
30	1.99%	0.01%	0.02%	0.01%	0.01%	0.00%	0.02%
35	1.11%	0.01%	0.03%	0.01%	0.01%	0.02%	0.05%
40	0.54%	0.02%	0.03%	0.02%	0.02%	0.02%	0.11%
45	0.26%	0.02%	0.04%	0.02%	0.02%	0.03%	0.27%
50	0.00%	0.03%	0.04%	0.02%	0.02%	0.03%	0.60%
55	0.00%	0.04%	0.05%	0.03%	0.03%	0.04%	2.00%
60	0.00%	0.05%	0.05%	0.04%	0.04%	0.05%	4.67%

*No withdrawal is assumed once a member is vested. Withdrawal rates for Members with less than five years of service is 5.5%.

Police Members

Sample Ages	% of Active Members Separating Within Next Year						
	<u>Withdrawal*</u>	<u>Death</u>		<u>Death while eligible for:</u>		<u>Disability</u>	
		<u>Ordinary</u>	<u>Service</u>	<u>Service Retirement</u>	<u>Disability Retirement</u>	<u>Ordinary</u>	<u>Service</u>
20	8.40%	0.06%	0.01%	0.00%	0.03%	0.00%	0.02%
25	6.22%	0.06%	0.02%	0.00%	0.02%	0.00%	0.02%
30	4.24%	0.06%	0.02%	0.00%	0.02%	0.02%	0.03%
35	2.65%	0.06%	0.03%	0.01%	0.02%	0.02%	0.07%
40	1.69%	0.08%	0.03%	0.01%	0.03%	0.03%	0.20%
45	1.50%	0.08%	0.04%	0.02%	0.03%	0.03%	0.37%
50	0.00%	0.09%	0.04%	0.02%	0.03%	0.03%	0.53%
55	0.00%	0.12%	0.05%	0.03%	0.04%	0.03%	1.07%
60	0.00%	0.15%	0.05%	0.03%	0.05%	0.03%	1.33%

*No withdrawal is assumed once a member is vested. Withdrawal rates for Members with less than five years of service is the greater of the above rate and 5.5%.

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

The post-retirement mortality table used was the 1994 Group Annuity Mortality Basic Table with a 2-year set back. This assumption is used to measure the probabilities of members dying after retirement and the probabilities of each benefit payment being made after retirement. Spouses use the same table with a four-year set back.

Sample Ages	Future Life Expectancy (Years) Non-disabled Retirees		% Dying Within Next Year Non-disabled Retirees	
	Members	Spouses	Members	Spouses
45	36.6	38.5	0.15%	0.12%
50	31.9	33.7	0.23	0.19
55	27.3	29.1	0.39	0.31
60	22.9	24.6	0.68	0.53
65	18.8	20.4	1.23	0.97
70	15.1	16.5	2.1	1.75
75	11.9	13.1	3.35	2.79

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

The 1994 Group Annuity Basic Table with a 2-year set forward is used for disability retirants, with a three-year setback. Related values are shown below.

Future Life Expectancy (Years)		% Dying Within Next Year	
Disabled Retirees		Disabled Retirees	
Sample			
<u>Ages</u>	<u>Members</u>		<u>Members</u>
45	32.8		0.20%
50	28.2		0.34
55	23.7		0.53
60	19.6		1.09
65	15.8		1.94
70	12.5		3.06
75	9.5		4.86

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

The rates of retirement used to measure the probability of eligible members retiring during the next year.

Retirement <u>Ages</u>	Fire <u>Members</u>	Police <u>Members</u>
41	0.00%	1.92%
42	0.00%	1.92%
43	0.00%	1.92%
44	0.00%	1.92%
45	0.00%	1.92%
46	0.00%	5.37%
47	0.00%	6.24%
48	0.00%	7.10%
49	0.00%	7.97%
50	1.00%	12.50%
51	1.38%	11.25%
52	1.80%	10.00%
53	2.35%	9.00%
54	2.88%	8.00%
55	3.65%	7.71%
56	4.43%	8.06%
57	4.93%	8.42%
58	5.47%	8.80%
59	6.08%	9.20%
60	6.76%	19.23%
61	7.52%	20.10%
62	8.35%	21.01%
63	9.28%	21.96%
64	10.32%	22.95%
65	100.00%	100.00%

The City of Los Angeles Fire and Police Pension Plan
Actuarial Assumptions Used for the June 30, 2004 Valuation

(Continued)

Survivor Benefits. Marital status and spouses' census data were imputed with respect to active members.

Marital Status – 86% are assumed married or having a domestic partner at retirement.

Spouse Census – Spouses are assumed to be 3 years younger than members.

Dependent Children – Members are assumed to have two children with a three-year difference in age. The elder is assumed to reach age 21 when the participant reaches age 45.

Interest Credit on Employee Contributions:

5.0%

Cost of Living:

5.0% for Tiers 1 and 2
 3.0% for Tiers 3, 4, and 5

Average Service-Connected Disability Benefits:

Benefits are assumed to follow this schedule:

Years of Service at Time of Disability	Percent of Salary Base
Less than 20	50%
20-30	60%
Over 30	70%

Average Nonservice-Connected Disability benefit for Tiers 3, 4, & 5:

40% of Salary Base.

Funding Method:

Entry Age Normal Funding Method.

Asset Valuation Method:

The actuarial value of assets is determined by phasing in, over five years, the difference between the actual and expected realized and unrealized appreciation. The expected appreciation is based on the assumed 8.5% rate of return. The actuarial value of assets can be no less than 80% and no greater than 120% of the market value of assets.

DROP Program:

The DROP program became effective in May of 2002. Since it was priced on a cost neutral basis there have been no assumption changes in this valuation for DROP program consideration. Next year we will implement the procedure of valuing DROP benefits explicitly. As the program matures, it would be beneficial to study actual DROP experience and consider explicitly reflecting actual experience.

The City of Los Angeles Fire and Police Pension Plan

Summary of Actuarial Assumptions and Methods

Used for Valuation of Health Subsidy Benefits

Funding Method: Entry Age Normal Funding Method
 Discount Rate: 8.5%
 Health Trend Rates:

	Medical Trend			
	<u>Pre65</u>	<u>Post65</u>	<u>Dental</u>	<u>Medicare Part B</u>
2004-2005	6.75%	6.50%	6.75%	6.50%
2005-2006	6.50%	6.50%	6.50%	6.50%
2006-2007	6.40%	6.40%	6.40%	6.40%
2007-2008	6.20%	6.20%	6.20%	6.20%
2008-2009	6.00%	6.00%	6.00%	6.00%
2009-2010	5.80%	5.80%	5.80%	5.80%
2010-2011	5.60%	5.60%	5.60%	5.60%
2011-2012	5.40%	5.40%	5.40%	5.40%
2012-2013	5.20%	5.20%	5.20%	5.20%
2013+	5.00%	5.00%	5.00%	5.00%

Members Assumed to Receive Subsidy:	85% of all retirees over age 65 are assumed to receive a subsidy for an approved health carrier. 75% of retirees under age 65 are assumed to receive a subsidy.
Spouses and Domestic Partners:	86% of retirees who receive a subsidy are assumed to be married or have a qualified domestic partner and elect dependent coverage, with members being three years older than spouses/domestic partners.
Medicare Coverage:	90% of retirees are assumed to elect Medicare Parts A & B.
Dental Coverage:	65% of retirees are assumed to elect dental coverage.
Spousal Coverage:	With regard to Members who are currently alive, 70% of eligible spouse or domestic partners are assumed to elect continued health coverage after the Member's death. With regard to deceased Members, 70% of the current eligible survivors are assumed to elect health coverage.
All other Assumptions and Methods:	Same as used for valuation of retirement benefits.

City of Los Angeles Fire and Police Pension Plan
Summary of Actuarial Assumptions and Methods
Used for Valuation of Health Subsidy Benefits

The following methodology is used to develop blended subsidy amounts to be used in the valuation of current actives health subsidies. The participation percent for carrier elections is assumed to be the same as the current retiree participation rates. These participation percents are used to determine a blend of the different carrier amounts. Utilization assumption factors are then applied to the blended rates. Our valuation software then prorates on service to determine the portion subsidized. This methodology is done separately for those with and without Medicare Parts A & B coverage, and for single, married, and surviving spouse coverage as shown below.

For Participants without Medicare Part A & B

Plan	Participation Percent	Single	Married	Surviving Spouse	Utilization
		Maximum Subsidy	Maximum Subsidy	Maximum Subsidy	
Fire Medical	14.3%	\$618.00	\$668.00	\$452.86	75%
Blue Cross PPO	55.8%	535.21	668.00	452.86	75%
California Care	15.4%	274.80	574.66	274.80	75%
Fire Kaiser	14.5%	286.51	569.38	286.51	75%
Dental	100.0%	39.86	39.86	0.00	65%

Blended Monthly Premiums

Coverage type	Fire Med	Blue Cross	Cal Care	Fire Kaiser	Dental	Medicare	Sum
Single Coverage	\$66.28	\$223.99	\$31.74	\$31.16	\$25.91	\$0.00	\$379.08
Married Coverage	71.64	279.56	66.37	61.92	25.91	0.00	505.40
Surviving Spouse Coverage	48.57	189.52	31.74	31.16	0.00	0.00	300.99

City of Los Angeles Fire and Police Pension Plan
Summary of Actuarial Assumptions and Methods
Used for Valuation of Health Subsidy Benefits

For Participants with Medicare Parts A & B

Plan	Participation Percent	Single	Married	Surviving	Utilization
		Maximum Subsidy	Maximum Subsidy	Spouse Maximum Subsidy	
Fire Medical	36.4%	\$340.29	\$568.00	\$340.29	85.0%
Fire Kaiser	5.6%	340.29	648.46	340.29	85.0%
Blue Cross PPO	40.9%	311.88	571.70	311.88	85.0%
California Care	3.9%	279.67	552.72	279.67	85.0%
Police Kaiser	13.2%	232.36	462.52	232.36	85.0%
Dental	100.0%	39.86	39.86	0.00	65.0%
Medicare Part B	100.0%	66.60	66.60	66.60	100.0%

Blended Monthly Premiums

Coverage type	Fire Kaiser	Fire Med	Blue Cross	California	Police	Dental	Medicare	Sum
				Care	Kaiser			
Single Coverage	\$105.29	\$16.20	\$108.43	\$9.27	\$26.07	\$25.91	\$66.60	\$357.76
Married Coverage	175.74	30.87	198.75	18.32	51.89	25.91	66.60	568.08
Surviving Spouse Coverage	105.29	16.20	108.43	9.27	26.07	0.00	66.60	331.85

For the valuation of current retirees, subsidies valued are based on actual average subsidies, shown below. Averages are calculated on a health participant basis and include medical, dental, and Medicare Part B premium subsidies.

Monthly Average Retiree Subsidies

	<u>Pre-65</u>	<u>Post-65</u>
Single	\$458	\$400
Married	607	621
Surviving Spouse	344	357

Definitions of Technical Terms

Actuarial Accrued Liability. The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".

Actuarial Assumptions. Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Actuarial assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Accrued Service. Service credited under the System which was rendered before the date of the actuarial valuation.

Actuarial Equivalent. A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate actuarial assumptions.

Actuarial Cost Method. A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefits between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".

Actuarial Gain (Loss). The difference between actual experience and actuarial assumption anticipated experience during the period between two actuarial valuation dates.

Actuarial Present Value. The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest, and by probabilities of payment.

Amortization. Paying off an interest-discounted amount with periodic payments of interest and principal -- as opposed to paying off with lump sum payment.

Normal Cost. The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

(Concluded on Next Page)

Definitions of Technical Terms

(Concluded)

Unfunded Actuarial Accrued Liability. The difference between actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability".

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar). Unfunded actuarial accrued liability must be controlled.

