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Paul Angelo
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January 5, 2007

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

Re: Five-Year Projection of Contributions, Funding Ratio and UAAL

Dear Members of the Board:

Attached please find five-year projections of contributions, funding ratios and Unfunded Actuarial Accrued Liabilities (UAAL) for each of the Pension and Retiree Health Plans. These projections are consistent with those provided by your prior actuary, although the prior years' projections were for the pension and health plans combined. Separating the two allows the Board to better anticipate the elimination of the additional 1% Tier 5 member contribution rate under the pension plan (Section 4.2014.)

Note that all the contribution amounts and rates are as of the beginning of the year, consistent with the City's practice in previous years.

The impact of the three-year phase-in of the increase in the City's retiree health plan contribution from the change in actuarial assumptions has been included.

If you have any questions, please let us know.

Sincerely,

Paul Angelo, FSA, EA, MAAA

DZJ/jc
Attachments

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES
MINNEAPOLIS NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, D.C.



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The City of Los Angeles Fire and Police Pension Plan
 Projection of UAAL, Funding Ratio and City Contributions - Pension Only

Scenario # 1: 5% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year			Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio	Fiscal Year End		Normal Cost	Amortization	Total Rate		
2005	\$723,411	94.1%	2007	\$1,130,000	15.82%	3.92%	19.74%	\$223,042	
2006	\$689,981	94.6%	2008	\$1,178,025	17.86%	3.48%	21.34%	\$251,383	\$28,341
2007	\$513,082	96.2%	2009	\$1,228,091	17.86%	2.40%	20.26%	\$248,803	\$(2,580)
2008	\$679,583	95.2%	2010	\$1,280,285	17.86%	3.51%	21.37%	\$273,589	\$24,786
2009	\$1,066,630	92.9%	2011	\$1,334,697	17.86%	5.98%	23.84%	\$318,183	\$44,594
2010	\$1,513,784	90.5%	2012	\$1,391,422	17.86%	8.90%	26.76%	\$372,336	\$54,153
2011	\$2,063,790	87.7%	2013	\$1,450,557	17.86%	12.34%	30.20%	\$438,059	\$65,723

Scenario # 2: 8% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year			Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio	Fiscal Year End		Normal Cost	Amortization	Total Rate		
2005	\$723,411	94.1%	2007	\$1,130,000	15.82%	3.92%	19.74%	\$223,042	
2006	\$689,981	94.6%	2008	\$1,178,025	17.86%	3.48%	21.34%	\$251,383	\$28,341
2007	\$436,960	96.8%	2009	\$1,228,091	17.86%	2.04%	19.90%	\$244,382	\$(7,001)
2008	\$102,070	99.3%	2010	\$1,280,285	17.86%	0.46%	18.32%	\$234,540	\$(9,842)
2009	\$(54,934)	100.4%	2011	\$1,334,697	17.86%	-0.24%	17.62%	\$235,165	\$625
2010	\$(163,623)	101.0%	2012	\$1,391,422	17.86%	-0.68%	17.18%	\$239,038	\$3,873
2011	\$(173,638)	101.0%	2013	\$1,450,557	17.86%	-0.69%	17.17%	\$249,051	\$10,013

Scenario # 3: 11% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year			Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio	Fiscal Year End		Normal Cost	Amortization	Total Rate		
2005	\$723,411	94.1%	2007	\$1,130,000	15.82%	3.92%	19.74%	\$223,042	
2006	\$689,981	94.6%	2008	\$1,178,025	17.86%	3.48%	21.34%	\$251,383	\$28,341
2007	\$359,631	97.3%	2009	\$1,228,091	17.86%	1.68%	19.54%	\$239,961	\$(11,422)
2008	\$(502,238)	103.5%	2010	\$1,280,285	17.86%	-2.25%	15.61%	\$199,844	\$(40,117)
2009	\$(1,252,874)	108.3%	2011	\$1,334,697	17.86%	-5.39%	12.47%	\$166,428	\$(33,416)
2010	\$(2,003,381)	112.6%	2012	\$1,391,422	17.86%	-8.27%	9.59%	\$133,429	\$(32,999)
2011	\$(2,707,478)	116.1%	2013	\$1,450,557	17.86%	-10.72%	7.14%	\$103,561	\$(29,868)

The City of Los Angeles Fire and Police Pension Plan

Projection of UAAL, Funding Ratio and City Contributions - Health Only (Including 6/30/2006 Phase-in)

Scenario # 1: 5% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year		Fiscal Year End	Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio			Normal Cost	Amortization	Total Rate		
2005	\$660,305	47.5%	2007	\$1,130,000	2.71%	2.32%	5.03%	\$56,839	
2006	\$1,017,405	37.6%	2008	\$1,178,025	3.20%	3.30%	6.50%	\$76,554	\$19,715
2007	\$1,067,265	38.6%	2009	\$1,228,091	3.20%	4.33%	7.53%	\$92,466	\$15,912
2008	\$1,120,589	39.6%	2010	\$1,280,285	3.20%	5.39%	8.59%	\$109,976	\$17,510
2009	\$1,175,656	40.5%	2011	\$1,334,697	3.20%	5.62%	8.82%	\$117,720	\$7,744
2010	\$1,223,335	42.1%	2012	\$1,391,422	3.20%	5.81%	9.01%	\$125,367	\$7,647
2011	\$1,277,354	43.3%	2013	\$1,450,557	3.20%	6.05%	9.25%	\$134,177	\$8,810

Scenario # 2: 8% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year		Fiscal Year End	Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio			Normal Cost	Amortization	Total Rate		
2005	\$660,305	47.5%	2007	\$1,130,000	2.71%	2.32%	5.03%	\$56,839	
2006	\$1,017,405	37.6%	2008	\$1,178,025	3.20%	3.30%	6.50%	\$76,554	\$19,715
2007	\$1,063,232	38.9%	2009	\$1,228,091	3.20%	4.30%	7.50%	\$92,098	\$15,544
2008	\$1,088,881	41.3%	2010	\$1,280,285	3.20%	5.16%	8.36%	\$107,032	\$14,934
2009	\$1,112,367	43.7%	2011	\$1,334,697	3.20%	5.17%	8.37%	\$111,714	\$4,682
2010	\$1,126,208	46.6%	2012	\$1,391,422	3.20%	5.14%	8.34%	\$116,045	\$4,331
2011	\$1,144,284	49.2%	2013	\$1,450,557	3.20%	5.13%	8.33%	\$120,831	\$4,786

Scenario # 3: 11% Return on Market Value of Assets

Valuation Year	June 30 of Valuation Year		Fiscal Year End	Fiscal Year Pay (In thousands)	City Contributions (Beginning of Year)			Contribution Amount	Incremental Increase
	UAAL (In thousands)	Funded Ratio			Normal Cost	Amortization	Total Rate		
2005	\$660,305	47.5%	2007	\$1,130,000	2.71%	2.32%	5.03%	\$56,839	
2006	\$1,017,405	37.6%	2008	\$1,178,025	3.20%	3.30%	6.50%	\$76,554	\$19,715
2007	\$1,059,135	39.1%	2009	\$1,228,091	3.20%	4.27%	7.47%	\$91,729	\$15,175
2008	\$1,055,710	43.0%	2010	\$1,280,285	3.20%	4.92%	8.12%	\$103,959	\$12,230
2009	\$1,044,885	47.2%	2011	\$1,334,697	3.20%	4.70%	7.90%	\$105,441	\$1,482
2010	\$1,020,635	51.6%	2012	\$1,391,422	3.20%	4.40%	7.60%	\$105,748	\$307
2011	\$996,249	55.8%	2013	\$1,450,557	3.20%	4.12%	7.32%	\$106,181	\$433