

City of Los Angeles Fire and Police Pension Plan (LAFPP)

**Actuarial Valuation and Review of Retirement
and Other Postemployment Benefits (OPEB)
as of June 30, 2024**



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Segal



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San Francisco, CA 94105-6147
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November 20, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

Enclosed please find the June 30, 2024 actuarial valuations for the retirement and health programs.

As requested by LAFPP, we have included the following supplemental schedules, for the retirement and health programs separately, and combined:

- Exhibit A: Summary of Significant Results
- Exhibit B: History of Computed Contribution Rates

We look forward to discussing the reports and the enclosed schedules with the Board.

Sincerely,

Segal

A handwritten signature in black ink, appearing to read "Todd Tauzer".

Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary

A handwritten signature in black ink, appearing to read "Andy Yeung".

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

A handwritten signature in black ink, appearing to read "Emily Klare".

Emily Klare, ASA, MAAA, EA
Senior Actuary

ST/jl

Exhibit A: Summary of Significant Results

Summary of Significant Results as of June 30

Line Description	2024	2023	Change
1. Total membership			
a. Current active members (includes DROP members)	12,369	12,571	-1.6%
b. Current inactive members ¹	828	776	6.7%
c. Current retirees, beneficiaries and dependents	14,423	14,131	2.1%
2. Valuation Salary			
a. Total projected annual payroll	\$1,771,168,166	\$1,698,778,328	4.3%
b. Average projected monthly salary	11,933	11,261	6.0%
3. Benefits to current retirees and beneficiaries (includes July COLA)			
a. Total annual benefits	\$1,302,738,590	\$1,225,018,296	6.3%
b. Average monthly benefit amount	7,527	7,224	4.2%
4. Total plan assets²			
a. Actuarial value	\$30,707,765,722	\$29,396,813,303	4.5%
b. Market value	31,399,887,230	29,404,114,673	6.8%
5. Unfunded actuarial accrued liability (UAAL)			
a. Retirement Benefits	\$68,029,073	\$125,966,903	-46.0%
b. Health Subsidy Benefits	886,552,197	848,948,458	4.4%
6. Funded ratio (based on valuation value of assets)			
a. Retirement Benefits	99.8%	99.5%	0.3%
b. Health Subsidy Benefits	78.2%	77.7%	0.5%
c. Total	97.0%	96.8%	0.2%
7. Funded ratio (based on market value of assets)			
a. Retirement Benefits	102.0%	99.6%	2.4%
b. Health Subsidy Benefits	80.0%	77.8%	2.2%
c. Total	99.2%	96.8%	2.4%

¹ Includes 808 members as of June 30, 2024 and 737 members as of June 30, 2023 due a refund of member contributions.

² Includes all assets for Retirement and Health Subsidy Benefits.

Exhibit A: Summary of Significant Results

Summary of Significant Results

Budget Items	FY 2025–2026: ¹		FY 2024–2025: ²		Change: Beginning of Year	Change: July 15
	Beginning of Year	FY 2025–2026: ¹ July 15	Beginning of Year	FY 2024–2025: ² July 15		
Retirement contribution						
a. Normal cost as a percent of pay	19.48%	19.54%	19.05%	19.10%	0.43%	0.44%
b. Amortization of UAAL	4.13%	4.14%	7.52%	7.54%	-3.39%	-3.40%
c. Administrative expenses	1.28%	1.28%	1.28%	1.28%	0.00%	0.00%
d. Total Retirement contribution	24.89%	24.96%	27.85%	27.92%	-2.96%	-2.96%
Health Subsidy contribution						
e. Normal cost as a percent of pay	4.90%	4.91%	5.01%	5.02%	-0.11%	-0.11%
f. Amortization of UAAL	5.62%	5.64%	5.36%	5.38%	0.26%	0.26%
g. Administrative expenses	0.13%	0.13%	0.13%	0.13%	0.00%	0.00%
h. Total Health Subsidy contribution	10.65%	10.68%	10.50%	10.53%	0.15%	0.15%
i. Total Retirement and Health Subsidy contribution (d + h)	35.54%	35.64%	38.35%	38.45%	-2.81%	-2.81%

¹ Alternative contribution payment schedule for FY 2025–2026:

FY 2025–2026: End of Pay Periods Employer Contribution Rates

Schedule	Retirement	Health	Total
End of Pay Periods	25.75%	11.02%	36.77%

² The FY 2024-2025 aggregate total rates are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the FY 2024-2025 total aggregate rate determined in the June 30, 2023 valuation that was calculated using the 2023 projected payroll by tier compared to the total aggregate rate recalculated above using the 2024 projected payroll by tier.

Exhibit B: History of Computed Contribution Rates

City of Los Angeles Fire and Police Pension Plan Historical Comparison of Computed Employer Contribution Rates¹ (\$ in '000s)

Valuation Date	Retirement	Health	Total	Valuation Payroll
June 30, 2015	32.61%	11.83%	44.44%	\$1,405,171
June 30, 2016	31.85%	12.31%	44.16%	1,400,808
June 30, 2017	34.07%	12.66%	46.73%	1,475,539
June 30, 2018	34.37%	12.82%	47.19%	1,546,043
June 30, 2019	34.09%	12.51%	46.60%	1,583,808
June 30, 2020	33.61%	12.08%	45.69%	1,670,245
June 30, 2021	30.07%	11.60%	41.67%	1,684,785
June 30, 2022	30.11%	10.30%	40.41%	1,664,318
June 30, 2023	28.07%	10.44%	38.51%	1,698,778
June 30, 2024	24.96%	10.68%	35.64%	1,771,168

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¹ All contributions provided in this Exhibit B are assumed to be made on July 15.

City of Los Angeles Fire and Police Pension Plan

**Actuarial Valuation and Review of
Retirement Benefits as of June 30, 2024**



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November 20, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Actuarial Valuation and Review as of June 30, 2024. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the funding requirements for fiscal year 2025-2026.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Commissioners (the Board), based upon information provided by the staff of Los Angeles Fire and Police Pensions (LAFPP) and the Plan's other service providers.

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

The actuarial calculations were directed under the supervision of Andy Yeung, ASA, MAAA, FCA and Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and

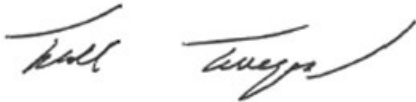
recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

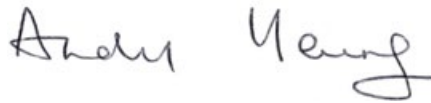
We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,

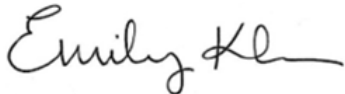
Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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



Emily Klare, ASA, MAAA, EA
Senior Actuary

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present a valuation of the City of Los Angeles Fire and Police Pension Plan (“the Plan”) as of June 30, 2024. The valuation was performed to determine whether the assets and contribution rates are sufficient to provide the prescribed benefits.

The contribution requirements presented in this report are based on:

- The benefit provisions of LAFPP, as administered by the Board;
- The characteristics of covered active, inactive and retired members and beneficiaries as of June 30, 2024, provided by LAFPP;
- The assets of the Plan as of June 30, 2024, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2024 valuation;
- Other actuarial assumptions regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2024 valuation; and
- The funding policy adopted by the Board.

Certain disclosure information required by Governmental Accounting Standards Board (GASB) Statements No. 67 and 68 as of June 30, 2024 for the Plan and the employers, respectively, are provided in separate reports.

One of the general goals of an actuarial valuation is to establish contributions which fully fund the Plan’s liabilities, and which, as a percentage of payroll, remain as level as possible for each generation of active members. Annual actuarial valuations measure the progress toward this goal, as well as test the adequacy of the contribution rates.

LAFPP has three membership categories: Fire and Police (“City”), Harbor Port Police and Airport Police. LAFPP tracks contributions and benefit payments separately for the three membership categories and reports them to Segal. Segal then uses those amounts in developing separate valuation value of assets and UAAL contribution rates for each of the three membership categories.

The contribution requirements are determined as a percentage of payroll. The employer contribution rates provided in this report have been developed assuming that they will be made by the City of Los Angeles at either: (1) the beginning of the fiscal year, (2) on July 15, or (3) throughout the year (i.e., the City will pay contributions at the end of every pay period). The Plan’s employer rates

Section 1: Actuarial Valuation Summary

provide for both normal cost and a contribution to amortize any unfunded or overfunded actuarial accrued liabilities. In this valuation, we have applied the funding policy adopted by the Board on September 6, 2012 and most recently amended on August 1, 2024 to include an additional component when the Plan gets into a surplus position. Details of the funding policy are provided in *Section 4, Exhibit 1* starting on page 95.

The rates calculated in this report may be adopted by the Board for the fiscal year that extends from July 1, 2025 through June 30, 2026.

Valuation highlights

Funding measures

1. The funded ratio (the ratio of valuation value of assets to the actuarial accrued liability) increased from 99.5% to 99.8%. (These are the funded ratios for the full Plan, the funded ratio for the City excluding Harbor Port Police and Airport Police Officers is also 99.8% as of June 30, 2024. The funded ratio for Harbor Port Police and Airport Police Officers are 96.2%¹ and 118.9%, respectively.) This ratio is one measure of funding status, and its history is a measure of funding progress. Using the market value of assets, the funded ratio increased from 99.6% to 102.0%. These measurements are not necessarily appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for, or the amount of, future contributions. A history of the Plan's funded ratios is provided in *Section 2, Subsection G* on pages 45 and 46.
2. The unfunded actuarial accrued liability (the difference between the actuarial accrued liability and the valuation value of assets) decreased from \$126 million to \$68 million. The decrease in unfunded actuarial accrued liability (UAAL) is primarily due to scheduled contributions to pay down the UAAL and an investment return on the valuation value (i.e., after asset smoothing) greater than the assumed rate of 7.00% used in the June 30, 2023 valuation, offset somewhat by individual salary increases for actives and cost-of-living adjustments (COLAs) for retirees and beneficiaries greater than expected. A reconciliation of the Plan's UAAL from the prior year is provided in *Section 2, Subsection E* on page 29.

Schedules of the current UAAL amortization balances and payments may be found in *Section 3, Exhibit G* starting on page 77. A graphical projection of the UAAL amortization balances and payments is provided in *Section 3, Exhibit H* starting on page 83.

¹ Relative to the City and the Airport Police Officers, the Harbor Port Police has become less funded because actual salary increases for continuing active employees of Harbor during 2023-2024 were significantly higher than expected by the assumptions.

Section 1: Actuarial Valuation Summary

Actuarial experience

3. The net actuarial loss of \$70.4 million, or 0.3% of actuarial accrued liability, is due to a net loss from sources other than investments of \$182.7 million, or 0.7% of the actuarial accrued liability partially offset by an investment gain (after smoothing) of \$112.3 million, or 0.4% of actuarial accrued liability. The loss from sources other than investments was primarily due to individual salary increases for actives and COLAs for retirees and beneficiaries greater than expected. For more details, see the complete reconciliation of the Plan's UAAL from the prior year in *Section 2, Subsection E* on page 29.
4. The rate of return on the market value of assets was 9.73% for the year ending June 30, 2024. The return on the actuarial value of assets was 7.40% for the same period after recognizing a portion of this year's investment gain and a portion of prior years' investment gains and losses¹. This resulted in an actuarial gain when measured against the assumed rate of return of 7.00% used in the June 30, 2023 valuation. This actuarial investment gain (after asset smoothing) decreased the average required contribution by 0.44% of payroll.

Contributions

5. As we indicated in our June 30, 2023 valuation report, there is a temporary reclassification of certain salary elements as non-pensionable from 2023-2024 to 2025-2026 by the City, Harbor and Airport. Under "RIP 2.0", certain salary increases from 2023-2024 to 2025-2026 are temporarily classified as non-pensionable. Moreover, for the City, certain length of service pay elements for members with less than 20 years of service are also classified as non-pensionable salaries from 2023-2024 to 2026-2027 under the Length of Service Pay Program. We understand that members who retire or enter the DROP during the above periods will have their pension benefit calculated using the aforementioned salary increases and the length of service pay. For purposes of the valuation, these "temporarily" reclassified non-pensionable salary elements will continue to be treated as pensionable for purposes of determining an active member's benefits, after discussion with LAFPP, the City, Harbor and Airport.

For the June 30, 2024 valuation, LAFPP provided us with pay elements that are reported separately for pensionable salary, "temporarily" non-pensionable salary under RIP 2.0 and "temporarily" non-pensionable salary under the Length of Service Pay Program. We have developed the total normal cost and the UAAL rates using all of the above salaries. The normal cost contributions paid by the employees were calculated using the pensionable salaries only. The employer contribution rate impact of the RIP 2.0 and Length of Service Pay Program are included in the reconciliation of the aggregate employer contribution provided in *Section 2, Subsection F* on page 32. The projected compensation shown in this report includes all of the above salaries.

¹ Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

Section 1: Actuarial Valuation Summary

6. The aggregate beginning-of-year employer rate calculated in this valuation has decreased from 27.85% to 24.89% of payroll. Using a projected annual payroll of \$1.771 billion as of June 30, 2024, there would be a decrease in the beginning-of-year contributions from \$493 million to \$441 million. This decrease is primarily due to the net loss layer from the June 30, 2009 valuation being fully amortized, and the investment return on the valuation value (i.e., after asset smoothing) greater than the assumed rate of 7.00% used in the June 30, 2023 valuation, offset to some degree by individual salary increases for actives and COLAs for retirees and beneficiaries greater than expected. Because the funded ratio for the City is 99.8%, we have not applied the recently amended Surplus Management component of the funding policy in developing the City's contribution rate. Furthermore, even though the City's UAAL is \$68 million as of June 30, 2024 and the sum of the City's annual UAAL payment from all the amortization layers is \$73 million, we have decided in this case to not recommend to the Board that the UAAL payment be limited to the amount of the current UAAL. This is due to the observation that the difference between the two amounts is relatively small, especially when compared to the City's total actuarial accrued liability, and the difference in timing between the current UAAL measurement and when the contribution will be made. A complete reconciliation of the Plan's aggregate employer contribution is provided in *Section 2, Subsection F* on page 32.
7. Segal strongly recommends an actuarial funding method that targets 100% funding of the actuarial accrued liability. Generally, this implies payments that are ultimately at least enough to cover normal cost, interest on the UAAL and the principal balance. The funding policy adopted by the Board meets this standard.

Future expectations

8. The total unrecognized net investment gain as of June 30, 2024 is \$692.1 million for the assets for Retirement and Health Subsidy Benefits, as compared to an unrecognized net investment gain of \$7.3 million¹ in the previous valuation. This net deferred gain of \$692.1 million will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years as shown in *Section 2, Subsection B* on page 22.

The net deferred gain of \$692.1 million represents about 2.2% of the market value of assets. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$692.1 million net market gain is expected to have an impact on the Plan's future funded ratio and the aggregate employer contributions. This potential impact may be illustrated as follows:

- a. If the net deferred gain for the Retirement Plan was recognized immediately in the valuation value of assets, the funded percentage would increase from 99.8% to 102.0%.

For comparison purposes, if the net deferred gain for the Retirement Plan in the June 30, 2023 valuation had been recognized immediately in the June 30, 2023 valuation, the funded percentage would have increased from 99.5% to 99.6%.

¹ Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

Section 1: Actuarial Valuation Summary

- b. If the net deferred gain for the Retirement Plan was recognized immediately in the valuation value of assets, the aggregate beginning-of-year employer contribution rate would decrease from 24.89% to 20.76% of payroll, before applying the various measures under the Surplus Management component of the funding policy to the City.

For comparison purposes, if the net deferred gain for the Retirement Plan in the June 30, 2023 valuation had been recognized immediately in the June 30, 2023 valuation, the aggregate beginning-of-year employer contribution rate would have decreased from 27.99% to 27.96% of payroll.

Risk

9. It is important to note that this actuarial valuation is based on plan assets as of June 30, 2024. The Plan's funded status does not reflect short-term fluctuations of the market, but rather is based on the market values on the last day of the plan year. Segal is available to prepare projections of potential outcomes of market conditions and other demographic experience upon request.
10. Because the actuarial valuation results are dependent on a given set of assumptions, there is a risk that emerging results may differ significantly as actual experience proves to be different from the assumptions. We have been engaged to perform a detailed analysis of the potential range of the impact of risk relative to the Plan's future financial condition and that report will be provided at a later date. We have also included a brief discussion of some risks that may affect the Plan in *Section 2, Subsection I*, beginning on page 48. This discussion of risk is included to satisfy the disclosure required by the Actuarial Standard of Practice No. 51 (ASOP 51).
11. The risk assessment in *Section 2, Subsection I* includes the disclosure of a "Low-Default-Risk Obligation Measure" (LDRM). This disclosure, along with commentary on the significance of the LDRM, is a requirement under Actuarial Standard of Practice No. 4 (ASOP 4) for all pension funding actuarial valuation reports and can be found starting on page 50.

GASB

12. This report constitutes an actuarial valuation for the purpose of determining the actuarially determined contribution (ADC) under the Plan's funding policy and measuring the progress of that funding policy. The Net Pension Liability and Pension Expense under GASB Statements No. 67 and No. 68, for inclusion in the Plan's and employer's financial statements as of June 30, 2024, and June 30, 2025, respectively, will be provided separately. The accounting disclosures will utilize different methodologies from those employed in the funding valuation, as required by the GASB. However, the ADC in this valuation is expected to be used as the ADC for GASB financial reporting.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Results as of June 30

Line Description	2024	2023
Average employer contribution rates¹		
• At the beginning of year	24.89%	27.85%
• On July 15	24.96%	27.92%
• At the end of each biweekly pay period	25.75%	28.80%
Actuarial accrued liability		
• Total actuarial accrued liability	\$27,595,631,079	\$26,556,701,793
– Retired members and beneficiaries	16,945,488,739	15,922,903,549
– Inactive members ²	39,405,191	53,394,573
– Active members not currently in DROP	7,929,002,768	7,480,649,233
– Active members currently in DROP ³	2,681,734,381	3,099,754,438
• Normal cost for plan year beginning June 30 ⁴	\$514,349,258	\$514,876,757
Assets		
• Market value of Retirement assets	\$28,148,045,889	\$26,437,299,567
• Valuation value of Retirement assets (VVA)	27,527,602,006	26,430,734,890
• VVA as a percentage of market value of Retirement assets	97.8%	100.0%

¹ Recommended employer contribution rate is shown as a percent of pay and there is a 12-month delay until the rate is effective. Rates as of June 30, 2023 are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the total aggregate rate determined in the June 30, 2023 valuation calculated using the 2023 projected payroll by tier compared to the total aggregate rate recalculated above using the 2024 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers.

² Includes inactive members due a refund of member contributions.

³ Includes \$283,070,509 and \$361,085,473 attributable to the value of the DROP account balances as of June 30, 2024 and June 30, 2023, respectively.

⁴ Normal cost as of June 30, 2023 is recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024, as described above.

Section 1: Actuarial Valuation Summary

Line Description	2024	2023
Funded status		
• UAAL on market value of Retirement assets basis	\$(552,414,810)	\$119,402,226
• Funded percentage on market value of Retirement assets basis	102.0%	99.6%
• UAAL on VVA basis	\$68,029,073	\$125,966,903
• Funded percentage on VVA basis ¹	99.8%	99.5%
Key assumptions		
• Net investment return	7.00%	7.00%
• Inflation rate	2.50%	2.50%
• Payroll growth	3.00%	3.00%
• Cost-of-living adjustments (COLA)	2.75%	2.75%
• Amortization period on VVA basis ²	20 years	20 years

¹ The funded ratios on VVA basis excluding Harbor Port Police and Airport Police Officers are 99.8% and 99.5% as of June 30, 2024 and June 30, 2023, respectively.

² Changes in UAAL as a result of gains or losses for each valuation are amortized over separate 20-year periods. Details of the funding policy are provided in *Section 4, Exhibit 1*.

Section 1: Actuarial Valuation Summary

Demographic Data as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number of members ¹	12,369	12,571	-1.6%
• Average age	41.8	42.1	-0.3
• Average service	14.7	15.0	-0.3
• Total projected compensation	\$1,771,168,166	\$1,698,778,328	4.3%
• Average projected compensation	\$143,194	\$135,135	6.0%
Retired members and beneficiaries			
• Number of members	14,423	14,131	2.1%
– Service retired	10,379	10,018	3.6%
– Disability retired	1,545	1,598	-3.3%
– Beneficiaries	2,499	2,515	-0.6%
• Average age	71.2	71.2	0.0
• Average monthly benefit	\$7,527	\$7,224	4.2%
Inactive members			
• Number of members ²	828	776	6.7%
• Average age ³	47.8	48.4	-0.6
Total members	27,620	27,478	0.5%

¹ Includes DROP members.

² Includes 20 members as of June 30, 2024 and 39 members as of June 30, 2023 with a vested right to a deferred or immediate vested benefit. The rest of the inactive members are due a refund of member contributions.

³ Excludes inactive members due a refund of member contributions.

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of a pension plan. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by the Plan. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the Plan. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if applicable). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Plan. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Plan should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. LAFPP should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

Actuarial Certification

November 20, 2024

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

The actuarial valuation is based on the plan of benefits summarized in *Section 4, Exhibit 2* and on participant and financial data provided by LAFPP. Segal did not audit LAFPP's financial statements, but we conducted an examination of the participant data for reasonableness and we concluded that it was reasonable and consistent with the prior year's data.

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

Segal prepared all of the supporting schedules in the actuarial section of the Annual Financial Report. A listing of the supporting schedules Segal prepared for inclusion in the financial section as Supplementary Information required by GASB is provided below:

- Schedule of Net Pension Liability
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Contribution History

LAFPP's staff prepared other trend data schedules in the statistical section based on information supplied in Segal's valuation report.

To the best of our knowledge, this report is complete and accurate and in our opinion presents the Plan's current funding information. The undersigned is a Member of the American Academy of Actuaries and meets the qualifications to provide the actuarial opinion herein.



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

Section 2: Actuarial Valuation Results

A. Member information

The Actuarial Valuation and Review considers the number and demographic characteristics of covered members, including active members, inactive members, retired members and beneficiaries.

This section presents a summary of significant statistical data on these member groups. More detailed information for this valuation year and the preceding valuation can be found in *Section 3, Exhibits A, B, and C*.

Member Population

As of June 30	Active Members ¹	DROP Members	Inactive Members ²	Retired Members and Beneficiaries (Pay Status)	Total Non-Actives	Ratio of Non-Actives to Actives	Ratio of Pay Status to Actives
2015	13,068	1,359	112	12,593	12,705	0.97	0.96
2016	13,050	1,243	128	12,819	12,947	0.99	0.98
2017	13,327	1,303	374	12,836	13,210	0.99	0.96
2018	13,442	1,442	534	12,890	13,424	1.00	0.96
2019	13,535	1,665	523	13,097	13,620	1.01	0.97
2020	13,486	1,478	575	13,291	13,866	1.03	0.99
2021	12,823	1,484	633	13,527	14,160	1.10	1.05
2022	12,771	1,415	723	13,821	14,544	1.14	1.08
2023	12,571	1,496	776	14,131	14,907	1.19	1.12
2024	12,369	1,300	828	14,423	15,251	1.23	1.17

¹ Includes DROP members provided in the next column.

² Includes inactive members due a refund of member contributions. Counts shown for June 30, 2017 and June 30, 2018 include 179 and 110 inactive members, respectively, due a refund of member contributions that were not included in the membership data provided for the prior valuations.

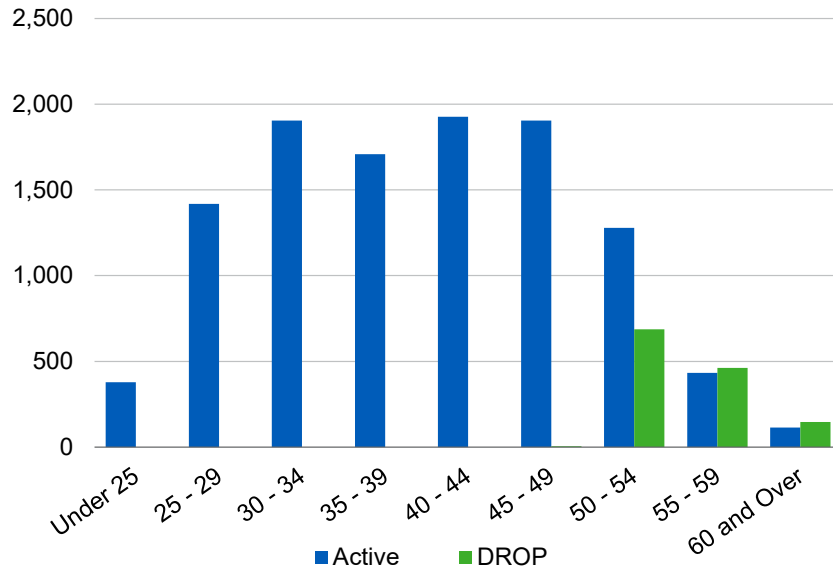
Section 2: Actuarial Valuation Results

Active members (includes DROP members)

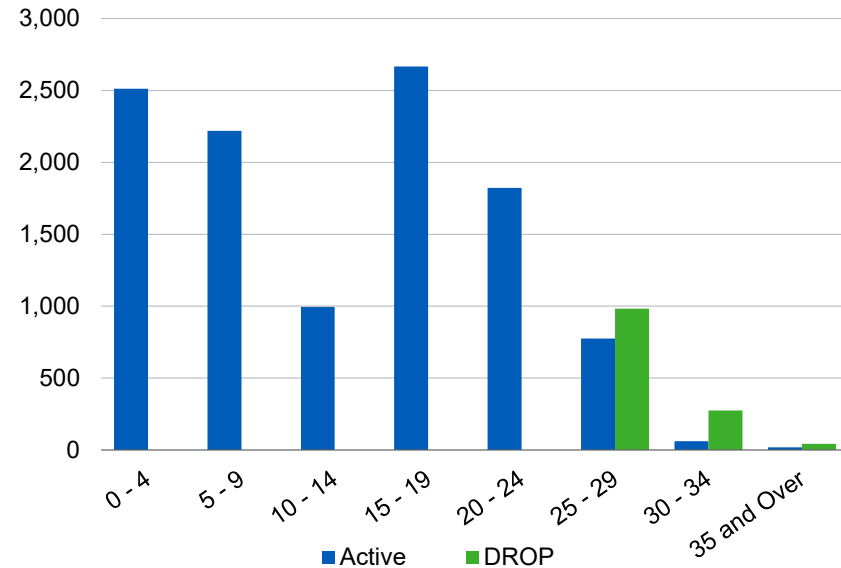
Demographic Data	As of June 30, 2024	As of June 30, 2023	Change
Active members	12,369	12,571	-1.6%
Average age ¹	41.8	42.1	-0.3
Average years of service	14.7	15.0	-0.3
Average compensation	\$143,194	\$135,135	6.0%

Distribution of Active Members as of June 30, 2024

Actives by Age



Actives by Years of Service



Inactive members

Demographic Data	As of June 30, 2024	As of June 30, 2023	Change
Deferred vested members	20	39	-48.7%
Inactive members due a refund of member contributions	808	737	9.6%

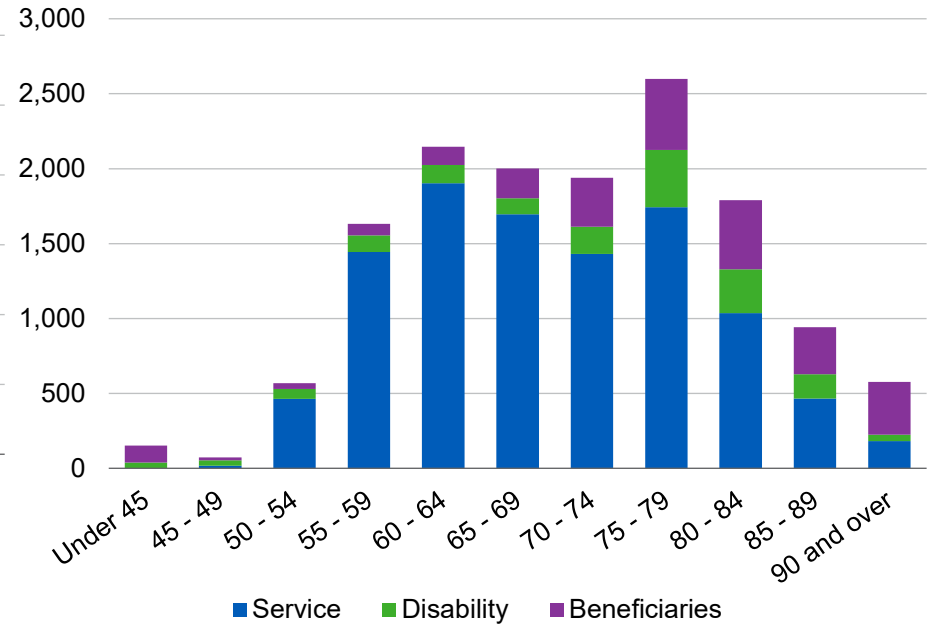
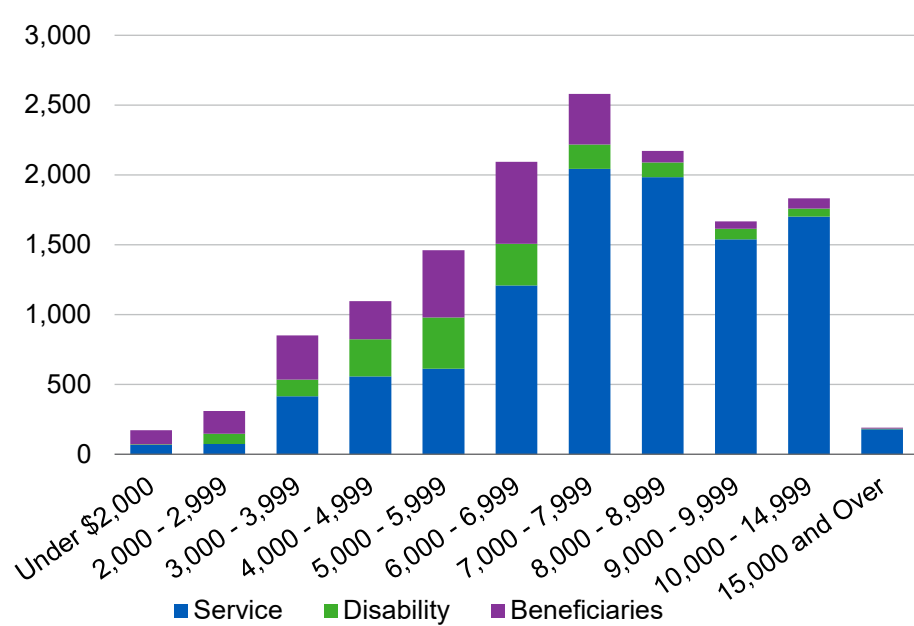
¹ Among the active members, there were none with unknown age information.

Section 2: Actuarial Valuation Results

Retired members and beneficiaries

Demographic Data	As of June 30, 2024	As of June 30, 2023	Change
Retired members	11,924	11,616	2.7%
Beneficiaries	2,499	2,515	-0.6%
Average age	71.2	71.2	0.0
Average monthly amount	\$7,527	\$7,224	4.2%
Total monthly amount	\$108,561,549	\$102,084,858	6.3%

Distribution of Retired Members and Beneficiaries as of June 30, 2024
By Type and Monthly Amount
(Includes July 1 COLA)



Section 2: Actuarial Valuation Results

Historical plan population

The chart below demonstrates the progression of the active population over the last 10 years. The chart also shows the growth among the retired population over the same time period.

Historical Member Data
Active Members versus Retired Members and Beneficiaries (Pay Status)

As of June 30	Active Count ¹	Active Average Age	Active Average Service	Pay Status Count	Pay Status Average Age	Pay Status Monthly Amount
2015	13,068	42.5	15.5	12,593	71.0	\$5,309
2016	13,050	42.3	15.3	12,819	71.0	5,500
2017	13,327	42.3	15.3	12,836	71.2	5,686
2018	13,442	42.3	15.3	12,890	71.3	5,925
2019	13,535	42.2	15.2	13,097	71.5	6,135
2020	13,486	42.2	15.2	13,291	71.5	6,386
2021	12,823	42.7	15.7	13,527	71.4	6,521
2022	12,771	42.4	15.4	13,821	71.3	6,890
2023	12,571	42.1	15.0	14,131	71.2	7,224
2024	12,369	41.8	14.7	14,423	71.2	7,527

¹ Includes DROP members.

Section 2: Actuarial Valuation Results

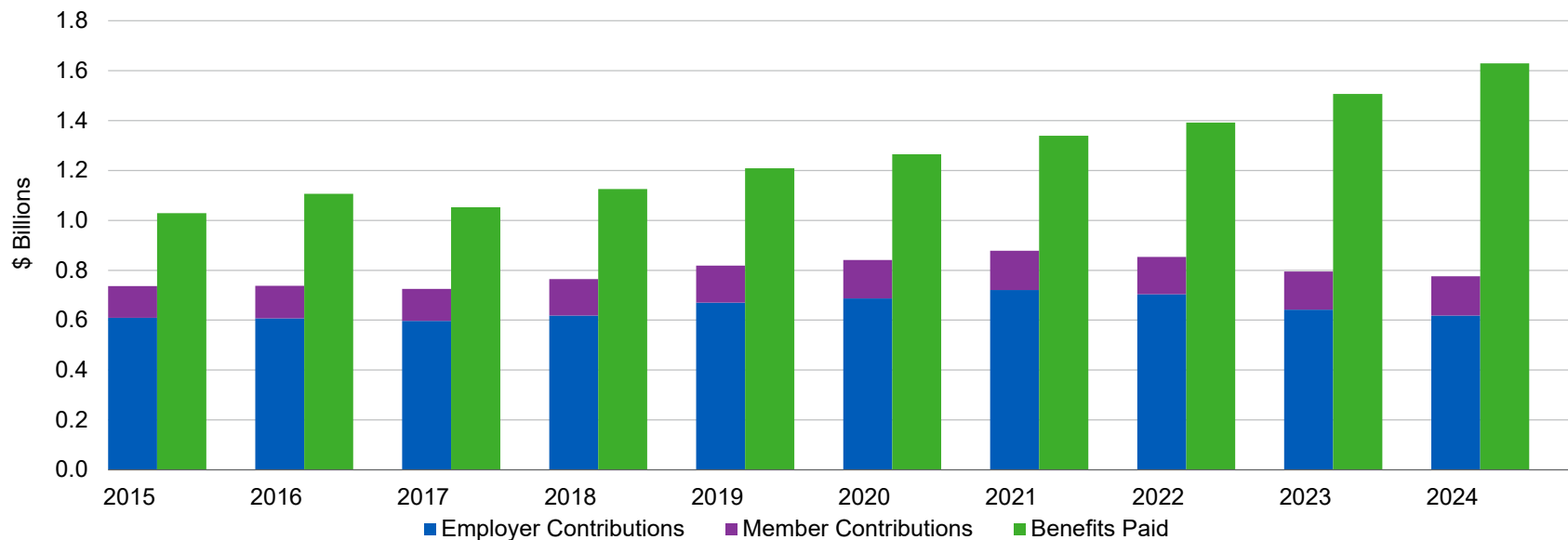
B. Financial information

Retirement plan funding anticipates that, over the long term, both contributions and investment earnings (less investment fees) will be needed to cover benefit payments and administrative expenses. Retirement plan assets change as a result of the net impact of these income and expense components.

Additional financial information, including a summary of transactions for the valuation year, is presented in *Section 3, Exhibits D, E and F*.

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the valuation asset value and the plan costs are more stable. The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

Comparison of Contributions Made with Benefits for Years Ended June 30



Note: Contributions and benefits paid are shown for both the Retirement and Health Subsidy Benefits plans. Employer contributions are shown net of the administrative expenses.

Section 2: Actuarial Valuation Results

Determination of Actuarial Value and Valuation Value of Assets for Year Ended June 30, 2024

Step	Actual Return	Expected Return	Investment Gain/(Loss) ¹	Portion Deferred	Amount
1. Market value of assets (for Retirement and Health Subsidy Benefits)					\$31,399,887,230
2. Calculation of deferred return ¹					
a. Year ended June 30, 2018	\$2,058,910,553	\$1,506,111,379	\$552,799,174	0	\$0
b. Year ended June 30, 2019	1,329,326,557	1,630,021,712	(300,695,155)		
c. Year ended June 30, 2020	664,345,444	1,697,466,038	(1,033,120,594)		
d. Year ended June 30, 2021	7,670,538,754	1,655,593,892	6,014,944,862		
e. Year ended June 30, 2022	(2,231,147,283)	2,157,060,415	(4,388,207,698)		
f. Year ended June 30, 2023	2,135,227,161	1,955,173,571	180,053,590	5/6	6,084,475 ²
g. Year ended June 30, 2024	2,849,490,076	2,049,113,538	800,376,538	6/7	686,037,033
h. Total deferred return³					\$692,121,508
3. Preliminary actuarial value of assets: 1 – 2h					\$30,707,765,722
4. Adjustment to be within 40% corridor					0
5. Final actuarial value of assets: 3 + 4					\$30,707,765,722
6. Ratio of actuarial to market value:					97.8%
Calculation of Retirement assets					
7. Market value of Retirement assets:					\$28,148,045,889
8. Valuation value of Retirement assets: 5 ÷ 1 × 7					\$27,527,602,006

¹ Total return minus expected return on a market value basis. Both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.

² Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

³ Deferred return as of June 30, 2024 recognized in each of the next six years (for Retirement and Health Subsidy Benefits):

a. Amount recognized on June 30, 2025	\$115,556,400	d. Amount recognized on June 30, 2028	\$115,556,400
b. Amount recognized on June 30, 2026	115,556,400	e. Amount recognized on June 30, 2029	115,556,400
c. Amount recognized on June 30, 2027	115,556,400	f. Amount recognized on June 30, 2030	114,339,508
		g. Total unrecognized return as of June 30, 2024	\$692,121,508

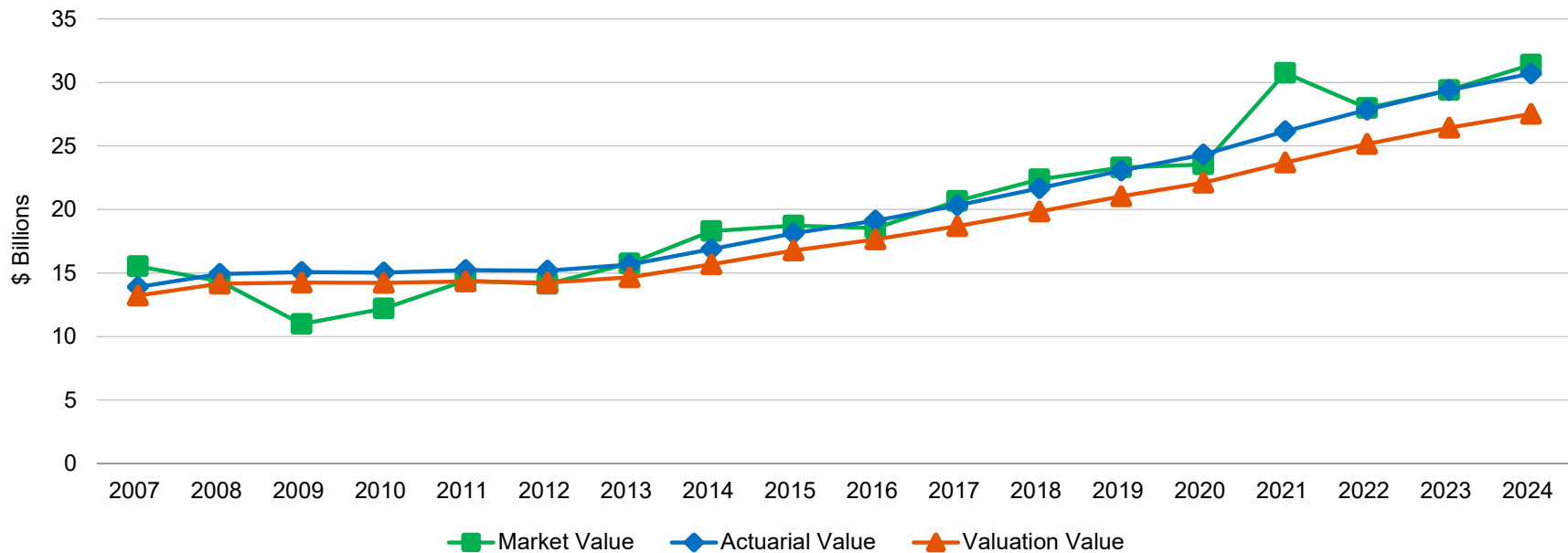
Section 2: Actuarial Valuation Results

Asset history

The market value, actuarial value and valuation value of assets are representations of the Plan’s financial status. As investment gains and losses are gradually taken into account, the actuarial value of assets tracks the market value of assets. The portion of the total actuarial value of assets allocated for retirement benefits, based on multiplying the total actuarial value of assets by the ratio of market value of Retirement assets to the market value of both Retirement and Health Benefit Subsidy assets, is shown as the valuation value of assets.

The valuation value of assets is significant because the Plan’s liabilities are compared to these assets to determine what portion, if any, remains unfunded. Amortization of the unfunded actuarial accrued liability is an important element in determining the contribution requirement.

Market Value¹, Actuarial Value¹, and Valuation Value² of Assets as of June 30



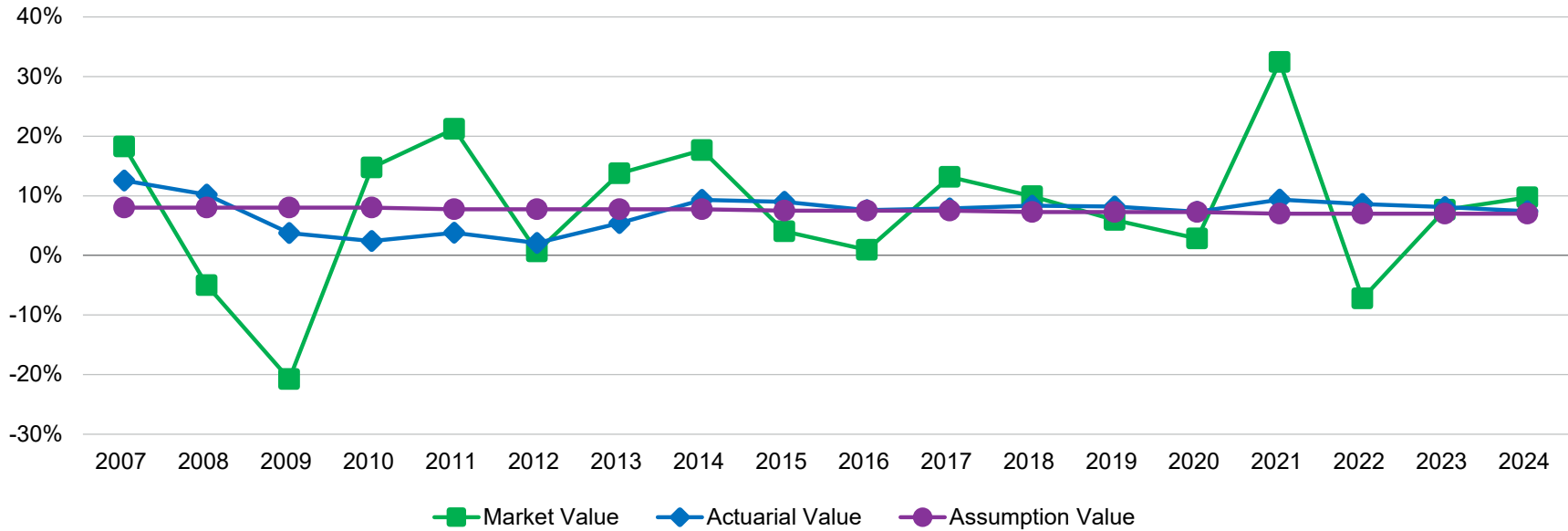
¹ Includes all assets for Retirement and Health Subsidy Benefits.

² Assets for Retirement only.

Section 2: Actuarial Valuation Results

Historical investment returns

Market¹ and Actuarial¹ Rates of Return for Years Ended June 30



Legend	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Market rate	18.25%	(5.01%)	(20.74%)	14.74%	21.22%	0.65%	13.75%	17.65%	4.01%	0.91%	13.13%	9.91%	5.91%	2.84%	32.43%	(7.24%)	7.64%	9.73%
Actuarial rate	12.57%	10.20%	3.75%	2.40%	3.78%	2.10%	5.43%	9.29%	8.98%	7.58%	7.89%	8.34%	8.19%	7.30%	9.35%	8.59%	8.10%	7.40%
Assumed rate	8.00%	8.00%	8.00%	8.00%	7.75%	7.75%	7.75%	7.75%	7.50%	7.50%	7.50%	7.25%	7.25%	7.25%	7.00%	7.00%	7.00%	7.00%

Average Rates of Return	Market Value	Actuarial Value
Most recent five-year geometric average return	8.33%	8.14%
Most recent 10-year geometric average return	7.51%	8.17%
Most recent 15-year geometric average return	9.43%	6.95%

¹ Includes all assets for Retirement and Health Subsidy Benefits.

Section 2: Actuarial Valuation Results

C. Actuarial experience

To calculate any actuarially determined contribution, assumptions are made about future events that affect the amount and timing of benefits to be paid and assets to be accumulated. Each year actual experience is measured against the assumptions. If overall experience is more favorable than anticipated (an actuarial gain), the actuarially determined contribution will decrease from the previous year. On the other hand, the actuarially determined contribution will increase if overall actuarial experience is less favorable than expected (an actuarial loss).

Taking account of experience gains or losses in one year without making a change in assumptions reflects the belief that the single year's experience was a short-term development and that, over the long term, experience will return to the original assumptions. For contribution requirements to remain stable, assumptions should approximate experience.

If assumptions are changed, the contribution requirement is adjusted to take into account a change in experience anticipated for all future years. There are no changes in actuarial assumptions reflected in this valuation.

The actuarial experience for the year can be found below and a discussion of the major components can be found on the following pages.

Actuarial Experience for Year Ended June 30, 2024

Source	Amount
1. Net (gain) from investments ¹	\$(112,318,978)
2. Net (gain) from employer contributions ²	(4,281,738)
3. Net loss from other experience ³	187,016,153
4. Net experience loss	\$70,415,437

¹ Details on next page.

² The actual employer contributions were more than expected due to the scheduled one-year lag in implementing the lower contribution rates calculated in the June 30, 2023 valuation for Fiscal Year 2024-2025.

³ See *Subsection E* for further details. Does not include the effect of plan, method or assumption changes, if any.

Section 2: Actuarial Valuation Results

Investment experience

A major component of projected asset growth is the assumed rate of return. The assumed return should represent the expected long-term rate of return, based on the Plan's investment policy.

For valuation purposes, the assumed rate of return on the actuarial value of assets is 7.00% based on the June 30, 2023 valuation. The actual rate of return on an actuarial basis for the 2023-2024 plan year was 7.40% after recognizing a portion of this year's investment gain and a portion of prior years' investment gains and losses¹. Because the actual return for the year was more than the assumed return, the Plan experienced an actuarial gain during the year ended June 30, 2024 with regard to its investments.

Investment Experience for Year Ended June 30, 2024

Line Description	Market Value ²	Actuarial Value ²	Valuation Value ³
1. Net investment income	\$2,849,490,076	\$2,164,669,938	\$1,948,103,141
2. Average value of assets	29,273,050,547	29,265,749,177	26,225,488,040
3. Rate of return: 1 ÷ 2	9.73%	7.40%	7.43%
4. Assumed rate of return	7.00%	7.00%	7.00%
5. Expected investment income: 2 × 4	\$2,049,113,538	\$2,048,602,442	\$1,835,784,163
6. Investment gain/(loss): 1 – 5	\$800,376,538	\$116,067,496	\$112,318,978

¹ Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

² Includes all assets for Retirement and Health Subsidy Benefits.

³ Assets for Retirement only.

Section 2: Actuarial Valuation Results

Contributions

Employer contributions for the year ended June 30, 2024 totaled \$480.8 million, compared to the projected amount of \$475.5 million. This resulted in a gain of \$4.2 million for the year, when adjusted for timing.

Other experience

There are other differences between the expected and the actual experience that appear when the new valuation is compared with the projections from the previous valuation. These include:

- Mortality experience (more or fewer than expected deaths)
- The extent of turnover among members
- Retirement experience (earlier or later than projected)
- The number of disability retirements (more or fewer than projected)
- Salary increases (greater or smaller than projected)
- Cost-of-living adjustments (higher or lower than assumed)
- Administrative expenses (higher or lower than assumed)

The net loss from this other experience for the year ended June 30, 2024 amounted to \$187.0 million, which is 0.7% of the actuarial accrued liability. See *Section 2, Subsection E* for a detailed development of the unfunded actuarial accrued liability.

Section 2: Actuarial Valuation Results

D. Other changes impacting the actuarial accrued liability

Actuarial assumptions and methods

On August 1, 2024, the Board amended the funding policy to include a Surplus Management Policy component for the City. Details of the Surplus Management Policy component are in *Section 4, Exhibit 1*.

For the June 30, 2024 valuation, LAFPP provided us with pay elements that are reported separately for pensionable salary, “temporarily” non-pensionable salary under RIP 2.0 and “temporarily” non-pensionable salary under the Length of Service Pay Program. We have developed the total normal cost and the UAAL rates using all of the above salaries. The normal cost contributions paid by the employees were calculated using the pensionable salaries only. The employer contribution rate impact of the RIP 2.0 and Length of Service Pay Program are included in the reconciliation of the aggregate employer contribution provided in *Section 2, Subsection F* on page 32. The projected compensation shown in this report includes all of the above salaries.

Details on actuarial assumptions and methods are in *Section 4, Exhibit 1*.

Plan provisions

There were no changes in plan provisions since the prior valuation.

We understand that there is a ballot measure which if approved by the voters would allow certain Los Angeles City Employees’ Retirement System active members to be transferred to LAFPP so that those members would receive Safety benefits available under LAFPP. However, as that measure has not been approved as of the date of preparation of this report, we have not reflected the financial impact of the transfer in this report.

A summary of plan provisions is in *Section 4, Exhibit 2*.

Section 2: Actuarial Valuation Results

E. Unfunded actuarial accrued liability

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

Line Description	Amount
1. Unfunded actuarial accrued liability at beginning of year	\$125,966,903
2. Normal cost at beginning of year	495,202,390
3. Expected administrative expenses at beginning of year	21,677,979
4. Expected employer and member contributions at beginning of year	(645,077,519)
5. Interest to end of year	(156,117)
6. Expected unfunded/(overfunded) actuarial accrued liability at end of year	\$(2,386,364)
7. Changes due to:	
a. Investment return greater than expected, after asset smoothing	\$(112,318,978)
b. Actual employer contributions more than expected ¹	(4,281,738)
c. Individual salary increases greater than expected	222,316,776
d. COLA increases greater than expected ²	38,202,670
e. Administrative expenses greater than expected	1,714,668
f. Other net experience (gain)/loss ³	(75,217,961)
g. Total changes	\$70,415,437
8. Unfunded actuarial accrued liability at end of year: 6 + 7g	\$68,029,073

Note: The sum of items 7c through 7f equals the “Net loss from other experience” shown in *Section 2, Subsection C*.

¹ The actual employer contributions were more than expected due to the scheduled one-year lag in implementing the lower contribution rates calculated in the June 30, 2023 valuation for Fiscal Year 2024-2025.

² Pursuant to the City of Los Angeles Charter/Administrative Code, the 2024 COLA increase was calculated based on the annual change in the Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area using a 12-month period from February 2023 through February 2024, equal to 3.4%. Tiers 1 and 2 received COLA increases of 3.4% and Tiers 3 and 4 received COLA increases of 3%. Tiers 5 and 6 received COLA increases of 3% and increases in their COLA banks equal to 0.4%. These COLA banks can be used in the future to grant COLA increases above LAFPP’s inflation assumption of 2.75%, which was taken into account when determining the magnitude of this COLA loss.

³ Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experience.

Section 2: Actuarial Valuation Results

F. Recommended contribution

The recommended contribution is equal to the employer normal cost payment and a payment (or credit) on the unfunded (or overfunded) actuarial accrued liability. As of June 30, 2024, the average recommended employer contribution is 24.89% of payroll if paid at the beginning of the year. The calculated employer normal cost is 19.48% of payroll, and the explicit contribution rate for administrative expense is 1.28% of payroll. The remaining contribution of 4.13% of payroll will amortize the unfunded actuarial accrued liability over an equivalent single amortization period of less than one year. (This means that if all the actuarial assumptions were to be met, the Plan would be expected to become fully funded in the June 30, 2025 valuation.) Because the funded ratio for the City is 99.8%, we have not applied the recently amended Surplus Management component of the funding policy in developing the City's contribution rate. Furthermore, even though the City's UAAL is \$68 million as of June 30, 2024 and the sum of the City's annual UAAL payment from all the amortization layers is \$73 million, we have decided in this case to not recommend to the Board that the UAAL payment be limited to the amount of the current UAAL. This is due to the observation that the difference between the two amounts is relatively small, especially when compared to the City's total actuarial accrued liability, and the difference in timing between the current UAAL measurement and when the contribution will be made.

The Board sets the funding policy used to calculate the recommended contribution based on layered 20-year¹ amortization periods as a level percentage of payroll. See *Section 4, Exhibit 1* for further details on the funding policy. Based on this policy, there is no negative amortization and each amortization layer is fully funded in 20 years. As shown in the graphical projection of the UAAL amortization balances and payments found in *Section 3, Exhibit H*, before taking into consideration the deferred investment gains and/or losses that will be recognized in the next several valuations, the UAAL of the Plan is expected to be fully amortized by 2025², assuming all assumptions are realized and contributions are made in accordance with the funding policy.

The current funding policy is intended to fully fund the cost of the benefits and to allocate the cost of benefits reasonably and equitably over time while minimizing the volatility of employer contributions. The recommended contribution is expected to remain level as a percent of payroll, except when any current amortization layer is fully amortized and assuming there are no future actuarial gains or losses. Furthermore, the funded ratio is expected to increase as the UAAL is methodically funded by employer contributions. The recommended contribution under the funding policy is a "Reasonable Actuarially Determined Contribution" as required under Actuarial Standard of Practice No. 4 Measuring Pension Obligations and Determining Pension Plan Costs or Contributions.

¹ Changes in UAAL due to actuarial gains or losses, or changes in actuarial assumptions or methods for each valuation are amortized over separate 20-year periods. Changes in UAAL due to plan amendments are generally amortized over separate 15-year periods. Any surplus is amortized over an open 30-year period. For the City, the amortization of surplus is applied to the amount of the actuarial value of assets that is over 110% of the actuarial accrued liability, and triggered only after completion of the glide path.

² The UAAL is expected to be fully amortized earlier than the 20-year amortization period because there is a combination of charge and credit amortization layers.

Section 2: Actuarial Valuation Results

Average Recommended Employer Contribution Calculated as of June 30

Line Description	2024 Amount	2024 % of Projected Compensation	2023 Amount	2023 % of Projected Compensation
1. Total Normal Cost	\$514,349,258	29.03%	\$495,202,390	29.14%
2. Expected member contributions, discounted to beginning of year	(169,216,939)	(9.55%)	(169,579,953)	(9.98%)
3. Employer normal cost: 1 + 2	\$345,132,319	19.48%	\$325,622,438	19.16%
4. Actuarial accrued liability	27,595,631,079		26,556,701,793	
5. Valuation value of assets	27,527,602,006		26,430,734,890	
6. Unfunded actuarial accrued liability: 4 – 5	\$68,029,073		\$125,966,903	
7. Payment on unfunded actuarial accrued liability	73,117,157	4.13%	128,197,149	7.55%
8. Payment for administrative expenses	22,601,738	1.28%	21,677,979	1.28%
9. Projected compensation	\$1,771,168,166		\$1,698,778,328	
10. Total average recommended employer contribution: 3 + 7 + 8	\$440,851,214	24.89%	\$475,497,566	27.99%
11. Total average recommended contribution, payable July 15	\$442,095,778	24.96%	\$476,839,937	28.07%
12. Total average recommended contribution, payable biweekly	\$456,020,043	25.75%	\$491,858,507	28.95%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

Section 2: Actuarial Valuation Results

Reconciliation of Average Recommended Employer Contribution from June 30, 2023 to June 30, 2024

Item	Contribution Rate	Estimated Annual Dollar Amount ¹
1. Average recommended employer contribution as of June 30, 2023	27.85%	\$493,204,699
2. Changes due to:		
a. Investment return greater than expected, after asset smoothing	(0.44%)	(7,793,140)
b. Actual employer contributions more than expected ²	(0.02%)	(354,234)
c. Individual salary increases greater than expected	0.88%	15,586,280
d. COLA increases greater than expected	0.15%	2,656,752
e. Amortizing prior year's UAAL over a larger than expected projected total payroll	(0.09%)	(1,594,051)
f. Other net experience (gain)/loss ³	(0.24%)	(4,148,529)
g. UAAL charge layer from the June 30, 2009 valuation being fully amortized	(3.61%)	(63,968,352)
h. Non-pensionable salary components of RIP 2.0 and Length of Service Pay Program, from reduction in member contributions	0.41%	7,261,789
i. Total change	(2.96%)	\$(52,353,485)
3. Average recommended employer contribution as of June 30, 2024: 1 + 2i	24.89%	\$440,851,214

Note: Contributions are assumed to be paid at the beginning of the year.

¹ Based on June 30, 2024 projected annual compensation as shown on the prior page.

² The actual employer contributions were more than expected due to the scheduled one-year lag in implementing the lower contribution rates calculated in the June 30, 2023 valuation for Fiscal Year 2024-2025.

³ Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experience.

Section 2: Actuarial Valuation Results

Recommended Employer Contribution Rate

Tier 1 Members – City

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$0	N/A	\$0	N/A
2. Expected member contributions, discounted to beginning of year	0	N/A	0	N/A
3. Employer normal cost: 1 + 2	\$0	N/A	\$0	N/A
4. Actuarial accrued liability	49,030,291		53,125,705	
5. Payment for unfunded actuarial accrued liability or (surplus) ²	0	4.19%	0	7.69%
6. Payment for administrative expenses	0	1.28%	0	1.28%
7. Projected compensation	0		N/A	
8. Total recommended employer contribution:³ 3 + 5 + 6	\$0	5.47%	\$0	8.97%
9. Total recommended contribution, payable July 15	\$0	5.49%	\$0	9.00%
10. Total recommended contribution, payable biweekly	\$0	5.66%	\$0	9.28%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

³ As part of the May 19, 2022 amendment to the funding policy, the UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier. As Tier 1 has no active members, the normal cost and UAAL amortization payment for Tier 1 is \$0.

Section 2: Actuarial Valuation Results

Tier 2 Members – City

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$118,938	24.69%	\$118,846	24.67%
2. Expected member contributions, discounted to beginning of year	(2,681)	(0.56%)	(2,794)	(0.58%)
3. Employer normal cost: 1 + 2	\$116,257	24.13%	\$116,052	24.09%
4. Actuarial accrued liability	4,279,217,062		4,432,678,689	
5. Payment for unfunded actuarial accrued liability or (surplus) ²	20,208	4.19%	37,046	7.69%
6. Payment for administrative expenses	6,147	1.28%	6,166	1.28%
7. Projected compensation	481,744		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$142,612	29.60%	\$159,264	33.06%
9. Total recommended contribution, payable July 15	\$143,015	29.69%	\$159,714	33.15%
10. Total recommended contribution, payable biweekly	\$147,519	30.62%	\$164,744	34.20%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

Section 2: Actuarial Valuation Results

Tier 3 Members – City

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$13,456,619	26.07%	\$13,501,246	26.16%
2. Expected member contributions, discounted to beginning of year	(3,985,618)	(7.72%)	(4,392,034)	(8.51%)
3. Employer normal cost: 1 + 2	\$9,471,001	18.35%	\$9,109,212	17.65%
4. Actuarial accrued liability	1,570,437,133		1,526,368,424	
5. Payment for unfunded actuarial accrued liability or (surplus) ²	2,164,931	4.19%	3,968,829	7.69%
6. Payment for administrative expenses	658,595	1.28%	660,611	1.28%
7. Projected compensation	51,610,266		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$12,294,527	23.82%	\$13,738,652	26.62%
9. Total recommended contribution, payable July 15	\$12,329,236	23.89%	\$13,777,437	26.70%
10. Total recommended contribution, payable biweekly	\$12,717,558	24.64%	\$14,211,372	27.54%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

Section 2: Actuarial Valuation Results

Tier 4 Members – City

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$6,453,185	26.98%	\$6,454,589	26.99%
2. Expected member contributions, discounted to beginning of year	(1,978,278)	(8.27%)	(2,027,970)	(8.48%)
3. Employer normal cost: 1 + 2	\$4,474,907	18.71%	\$4,426,619	18.51%
4. Actuarial accrued liability	722,667,367		695,175,900	
5. Payment for unfunded actuarial accrued liability or (surplus) ²	1,003,168	4.19%	1,839,044	7.69%
6. Payment for administrative expenses	305,174	1.28%	306,109	1.28%
7. Projected compensation	23,914,742		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$5,783,249	24.18%	\$6,571,772	27.48%
9. Total recommended contribution, payable July 15	\$5,799,576	24.25%	\$6,590,325	27.55%
10. Total recommended contribution, payable biweekly	\$5,982,239	25.01%	\$6,797,894	28.42%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

Section 2: Actuarial Valuation Results

Tier 5 Members – City¹

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ²	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$313,124,717	30.06%	\$313,485,869	30.10%
2. Expected member contributions, discounted to beginning of year	(97,430,430)	(9.35%)	(101,752,722)	(9.77%)
3. Employer normal cost: 1 + 2	\$215,694,287	20.71%	\$211,733,147	20.33%
4. Actuarial accrued liability	19,852,079,744		18,974,088,036	
5. Payment for unfunded actuarial accrued liability or (surplus) ³	43,687,735	4.19%	80,089,912	7.69%
6. Payment for administrative expenses	13,290,261	1.28%	13,330,961	1.28%
7. Projected compensation	1,041,481,294		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$272,672,283	26.18%	\$305,154,020	29.30%
9. Total recommended contribution, payable July 15	\$273,442,061	26.26%	\$306,015,497	29.38%
10. Total recommended contribution, payable biweekly	\$282,054,403	27.08%	\$315,653,773	30.31%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police.

² Amounts are revised to reflect payroll as of June 30, 2024.

³ June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

Section 2: Actuarial Valuation Results

Tier 6 Members – City¹

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ²	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$171,885,507	27.64%	\$171,987,197	27.66%
2. Expected member contributions, discounted to beginning of year	(62,758,978)	(10.09%)	(66,096,309)	(10.63%)
3. Employer normal cost: 1 + 2	\$109,126,529	17.55%	\$105,890,888	17.03%
4. Actuarial accrued liability	954,807,823		734,250,527	
5. Payment for unfunded actuarial accrued liability or (surplus) ³	26,082,668	4.19%	47,815,674	7.69%
6. Payment for administrative expenses	7,934,617	1.28%	7,958,916	1.28%
7. Projected compensation	621,790,299		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$143,143,814	23.02%	\$161,665,478	26.00%
9. Total recommended contribution, payable July 15	\$143,547,922	23.09%	\$162,121,874	26.07%
10. Total recommended contribution, payable biweekly	\$148,069,113	23.81%	\$167,228,071	26.89%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police and Airport Police.

² Amounts are revised to reflect payroll as of June 30, 2024.

³ June 30, 2024 UAAL rate is calculated using the City's total UAAL payment of \$72,958,710 and total payroll of \$1,739,278,345.

Section 2: Actuarial Valuation Results

All Tiers Combined – City¹

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ²	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$505,038,966	29.03%	\$505,547,747	29.07%
2. Expected member contributions, discounted to beginning of year	(166,155,985)	(9.55%)	(174,271,829)	(10.02%)
3. Employer normal cost: 1 + 2	\$338,882,981	19.48%	\$331,275,918	19.05%
4. Actuarial accrued liability	27,428,239,420		26,415,687,281	
5. Valuation value of assets	27,361,564,438		26,282,384,989	
6. Unfunded actuarial accrued liability or (surplus): 4 – 5	\$66,674,982		\$133,302,292	
7. Payment for unfunded actuarial accrued liability or (surplus) ³	72,958,710	4.19%	133,750,505	7.69%
8. Payment for administrative expenses	22,194,794	1.28%	22,262,763	1.28%
9. Projected compensation	1,739,278,345		N/A	
10. Total recommended employer contribution: 3 + 7 + 8	\$434,036,485	24.95%	\$487,289,186	28.02%
11. Total recommended contribution, payable July 15	\$435,261,810	25.03%	\$488,664,847	28.10%
12. Total recommended contribution, payable biweekly	\$448,970,832	25.81%	\$504,055,854	28.98%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police and Airport Police.

² Amounts are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the total aggregate rate determined in the June 30, 2023 valuation calculated using the 2023 projected payroll by tier compared to the total aggregate rate recalculated above using the 2024 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of non-Tier 6 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2023 valuation report, the aggregate rate for All Tiers Combined – City was 28.14% (payable July 1) based on June 30, 2023 projected payroll. Because the Tier 6 contribution rate is lower than the contribution rate for other tiers and the proportion of Tier 6 payroll as of June 30, 2024 has increased, the total aggregate rate decreased to 28.02% (payable July 1) using the June 30, 2024 projected payroll.

³ The amortization of the UAAL in accordance with the funding policy is determined as the sum of the amortization amounts from the separate UAAL amortization layers created in each valuation and amortized over separate declining periods. The total City UAAL payment of \$73 million is slightly greater than the UAAL of \$67 million as of June 30, 2024.

Section 2: Actuarial Valuation Results

Tier 5 Members — Harbor Port Police

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$4,600,679	31.01%	\$4,610,874	31.09%
2. Expected member contributions, discounted to beginning of year	(1,402,814)	(9.46%)	(1,520,150)	(10.25%)
3. Employer normal cost: 1 + 2	\$3,197,865	21.55%	\$3,090,724	20.84%
4. Actuarial accrued liability	137,820,872		118,083,125	
5. Payment or (credit) for unfunded actuarial accrued liability or (surplus) ²	284,083	1.92%	(180,935)	(1.22%)
6. Payment for administrative expenses	189,254	1.28%	189,833	1.28%
7. Projected compensation	14,830,729		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$3,671,202	24.75%	\$3,099,622	20.90%
9. Total recommended contribution, payable July 15	\$3,681,566	24.82%	\$3,108,373	20.96%
10. Total recommended contribution, payable biweekly	\$3,797,521	25.61%	\$3,206,274	21.62%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the Harbor Port Police's total UAAL payment of \$387,526 and total payroll of \$20,231,053.

Section 2: Actuarial Valuation Results

Tier 6 Members — Harbor Port Police

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$1,457,209	26.98%	\$1,454,847	26.94%
2. Expected member contributions, discounted to beginning of year	(524,823)	(9.72%)	(574,054)	(10.63%)
3. Employer normal cost: 1 + 2	\$932,386	17.26%	\$880,793	16.31%
4. Actuarial accrued liability	7,506,400		5,683,638	
5. Payment or (credit) for unfunded actuarial accrued liability or (surplus) ²	103,443	1.92%	(65,884)	(1.22%)
6. Payment for administrative expenses	68,913	1.28%	69,124	1.28%
7. Projected compensation	5,400,324		N/A	
8. Total recommended employer contribution: 3 + 5 + 6	\$1,104,742	20.46%	\$884,033	16.37%
9. Total recommended contribution, payable July 15	\$1,107,861	20.51%	\$886,529	16.41%
10. Total recommended contribution, payable biweekly	\$1,142,754	21.16%	\$914,451	16.93%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² June 30, 2024 UAAL rate is calculated using the Harbor Port Police's total UAAL payment of \$387,526 and total payroll of \$20,231,053.

Section 2: Actuarial Valuation Results

All Tiers Combined – Harbor Port Police

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$6,057,888	29.93%	\$6,065,721	29.98%
2. Expected member contributions, discounted to beginning of year	(1,927,637)	(9.53%)	(2,094,204)	(10.35%)
3. Employer normal cost: 1 + 2	\$4,130,251	20.41%	\$3,971,517	19.63%
4. Actuarial accrued liability	145,327,272		123,766,763	
5. Valuation value of assets	139,799,261		127,449,088	
6. Unfunded actuarial accrued liability or (surplus): 4 - 5	\$5,528,011		\$(3,682,325)	
7. Payment or (credit) for unfunded actuarial accrued liability or (surplus)	387,526	1.92%	(246,819)	(1.22%)
8. Payment for administrative expenses	258,167	1.28%	258,957	1.28%
9. Projected compensation	20,231,053		N/A	
10. Total recommended employer contribution: 3 + 7 + 8	\$4,775,944	23.61%	\$3,983,655	19.69%
11. Total recommended contribution, payable July 15	\$4,789,427	23.67%	\$3,994,902	19.75%
12. Total recommended contribution, payable biweekly	\$4,940,275	24.42%	\$4,120,725	20.37%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the total aggregate rate determined in the June 30, 2023 valuation calculated using the 2023 projected payroll by tier compared to the total aggregate rate recalculated above using the 2024 projected payroll by tier as a result of new members entering Tier 6 and active members leaving Tier 5. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of Tier 5 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2023 valuation report, the aggregate rate for All Tiers Combined – Harbor Port Police was 19.87% (payable July 1) based on June 30, 2023 projected payroll. Because the Tier 6 contribution rate is lower than the Tier 5 contribution rate and the proportion of Tier 6 payroll as of June 30, 2024 has increased, the total aggregate rate decreased slightly to 19.69% (payable July 1) using the June 30, 2024 projected payroll.

Section 2: Actuarial Valuation Results

Tier 6 Members – Airport Police

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$3,252,404	27.89%	\$3,263,289	27.99%
2. Expected member contributions, discounted to beginning of year	(1,133,317)	(9.72%)	(1,239,327)	(10.63%)
3. Employer normal cost: 1 + 2	\$2,119,087	18.17%	\$2,023,962	17.36%
4. Actuarial accrued liability	22,064,387		17,247,749	
5. Valuation value of assets	26,238,307		20,900,813	
6. Unfunded actuarial accrued liability or (surplus): 4 – 5	\$(4,173,920)		\$(3,653,064)	
7. Payment or (credit) for unfunded actuarial accrued liability or (surplus)	(229,079)	(1.96%)	(241,336)	(2.07%)
8. Payment for administrative expenses	148,777	1.28%	149,232	1.28%
9. Projected compensation	11,658,768		N/A	
10. Total recommended employer contribution: 3 + 7 + 8	\$2,038,785	17.49%	\$1,931,858	16.57%
11. Total recommended contribution, payable July 15	\$2,044,541	17.54%	\$1,937,312	16.61%
12. Total recommended contribution, payable biweekly	\$2,108,936	18.09%	\$1,998,329	17.14%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

Section 2: Actuarial Valuation Results

All Tiers Combined – Total Plan

Line Description	June 30, 2024 Amount	June 30, 2024 % of Projected Compensation	June 30, 2023 Amount ¹	June 30, 2023 % of Projected Compensation
1. Total normal cost	\$514,349,258	29.03%	\$514,876,757	29.08%
2. Expected member contributions, discounted to beginning of year	(169,216,939)	(9.55%)	(177,605,360)	(10.03%)
3. Employer normal cost: 1 + 2	\$345,132,319	19.48%	\$337,271,397	19.05%
4. Actuarial accrued liability	27,595,631,079		26,556,701,793	
5. Valuation value of assets	27,527,602,006		26,430,734,890	
6. Unfunded actuarial accrued liability or (surplus): 4 – 5	\$68,029,073		\$125,966,903	
7. Payment for unfunded actuarial accrued liability or (surplus)	73,117,157	4.13%	133,262,350	7.52%
8. Payment for administrative expenses	22,601,738	1.28%	22,670,952	1.28%
9. Projected compensation	1,771,168,166		N/A	
10. Total recommended employer contribution: 3 + 7 + 8	\$440,851,214	24.89%	\$493,204,699	27.85%
11. Total recommended contribution, payable July 15	\$442,095,778	24.96%	\$494,597,061	27.92%
12. Total recommended contribution, payable biweekly	\$456,020,043	25.75%	\$510,174,908	28.80%

Note: Contributions are assumed to be paid at the beginning of the year, unless otherwise noted.

¹ Amounts are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the total aggregate rate determined in the June 30, 2023 valuation calculated using the 2023 projected payroll by tier compared to the total aggregate rate recalculated above using the 2024 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers. This shows that even if the contribution rate for each tier were to remain unchanged, the aggregate rate (which is the weighted average of the rates by tier) would change over time as the proportion of non-Tier 6 payroll decreases and the proportion of Tier 6 payroll increases. In our June 30, 2023 valuation report, the aggregate rate for All Tiers Combined was 27.99% (payable July 1) based on June 30, 2023 projected payroll. Because the Tier 6 contribution rate is lower than the contribution rate for other tiers and the proportion of Tier 6 payroll as of June 30, 2024 has increased, the total aggregate rate decreased to 27.85% (payable July 1) using the June 30, 2024 projected payroll.

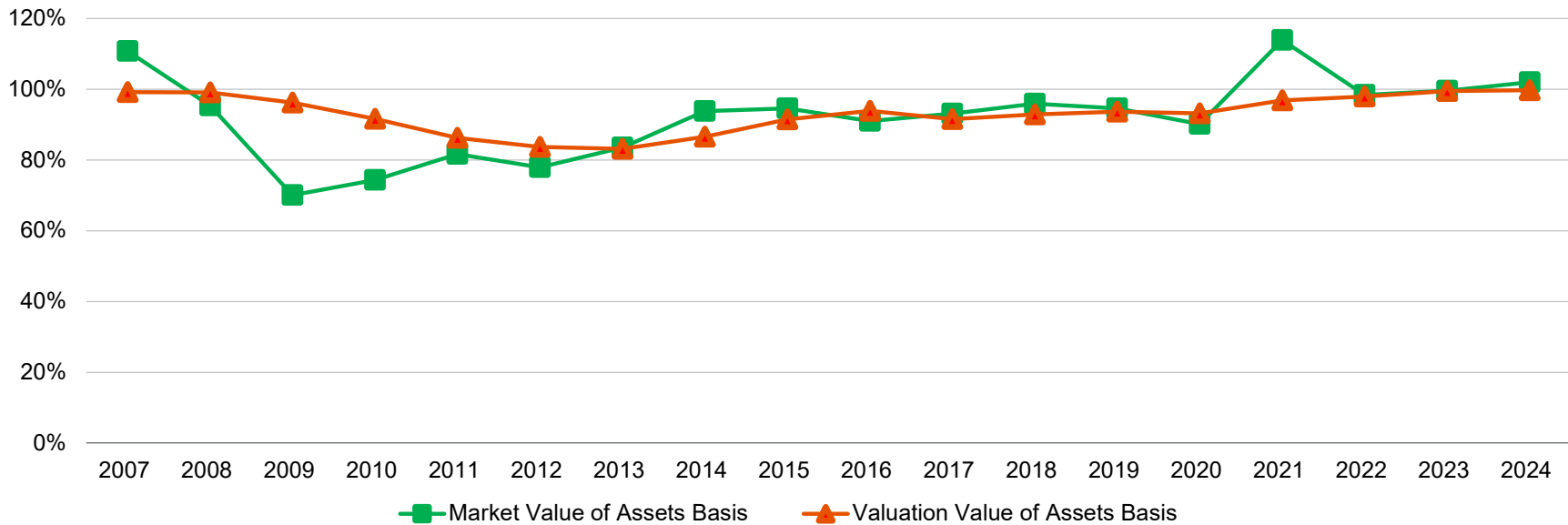
Section 2: Actuarial Valuation Results

G. Funded status

A commonly reported piece of information regarding the Plan's financial status is the funded ratio. These ratios compare the market and valuation value of assets to the actuarial accrued liability of the Plan. Higher ratios indicate a relatively well-funded plan while lower ratios may indicate recent changes to actuarial assumptions, funding of the plan below actuarial requirements, poor asset performance, or a variety of other causes.

The funded status measures shown in this valuation are appropriate for assessing the need for or amount of future contributions. However, they are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligations. As the chart below shows, the measures are different depending on whether the market¹ or valuation¹ value of assets is used.

Funded Ratio as of June 30



¹ Assets for Retirement only.

Section 2: Actuarial Valuation Results

Schedule of Funding Progress (\$ in '000s)

As of June 30	Valuation Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) – (a)	Funded Ratio (a) ÷ (b)	Projected Covered Payroll (c)	UAAL as a % of Projected Covered Payroll [(b) – (a)] ÷ (c)
2015	\$16,770,060	\$18,337,507	\$1,567,447	91.5%	\$1,405,171	111.5%
2016	17,645,338	18,798,510	1,153,172	93.9	1,400,808	82.3
2017	18,679,221	20,411,024	1,731,803	91.5	1,475,539	117.4
2018	19,840,070	21,364,804	1,524,734	92.9	1,546,043	98.6
2019	21,037,711	22,474,125	1,436,414	93.6	1,583,808	90.7
2020	22,106,722	23,727,315	1,620,593	93.2	1,670,245	97.0
2021	23,689,349	24,461,267	771,918	96.8	1,684,785	45.8
2022	25,146,787	25,670,766	523,979	98.0	1,664,318	31.5
2023	26,430,735	26,556,702	125,967	99.5	1,698,778	7.4
2024	27,527,602	27,595,631	68,029	99.8	1,771,168	3.8

¹ Assets for Retirement only.

Section 2: Actuarial Valuation Results

H. Actuarial balance sheet

An overview of the Plan’s funding is given by an actuarial balance sheet. In this approach, first the amount and timing of all future payments that will be made by the Plan for current members is determined. Then these payments are discounted at the valuation interest rate to the date of the valuation, thereby determining the present value, referred to as the “liability” of the Plan.

Second, this liability is compared to the assets. The “assets” for this purpose include the net amount of assets already accumulated by the Plan, the present value of future member contributions, the present value of future employer normal cost contributions, and the present value of future employer amortization payments (or credits) for the unfunded (or overfunded) actuarial accrued liability.

Actuarial Balance Sheet¹ as of June 30

Line Description	2024	2023
Liabilities		
Present value of benefits for retired members and beneficiaries	\$16,945,488,739	\$15,922,903,549
Present value of benefits for inactive members	39,405,191	53,394,573
Present value of benefits for active members not currently in DROP	13,174,034,245	12,414,921,861
Present value of benefits for active members currently in DROP	2,830,417,129	3,251,477,311
Total liabilities	\$32,989,345,304	\$31,642,697,294
Current and Future Assets		
Total valuation value of assets	\$27,527,602,006	\$26,430,734,890
Present value of future contributions by members	1,735,604,842	1,708,446,921
Present value of future employer contributions for:		
• Entry age normal cost	3,658,109,383	3,377,548,580
• Unfunded actuarial accrued liability	68,029,073	125,966,903
Total of current and future assets	\$32,989,345,304	\$31,642,697,294

¹ Assets for Retirement only.

Section 2: Actuarial Valuation Results

I. Risk

Because the actuarial valuation results are dependent on a fixed set of assumptions and data as of a specific date, there is risk that emerging results may differ, perhaps significantly, as actual experience is fluid and will not exactly track current assumptions. This potential divergence may have a significant impact on the future financial condition of the plan.

Following the completion of the June 30, 2023 valuation, we prepared a stand-alone risk assessment report dated January 24, 2024 by using membership and financial information as provided in the actuarial valuation as of June 30, 2023. That report includes various projections of future results under different investment return scenarios together with the assumptions adopted for the June 30, 2023 valuation. A copy of the stand-alone risk assessment report associated with this June 30, 2024 valuation, including the additional analyses recommended by Segal in consultation with LAFPP, will be available in the first quarter of 2025. While this section does not contain a detailed analysis of the potential range of future measurements, it does include a concise discussion of some of the primary risks that may affect the Plan's future financial condition.

This section provides descriptions and basic assessments of the primary risks that are likely to have an ongoing influence on the Plan's financial health, as well as a discussion of historical trends and maturity measures:

Risk assessments

- **Asset/Liability Mismatch Risk** (the potential that future plan experience does not affect asset and liability values in the same way, causing them to diverge)

The most significant asset/liability mismatch risk to the Plan is investment risk, as discussed below. In fact, investment risk has the potential to impact asset/liability mismatch in two ways. The first is evident in annual valuations; when asset values deviate from assumptions they are typically independent from liability changes. The second can be caused when systemic asset deviations from assumptions may signal the need for an assumption change, which causes liability values and contribution rates to move in the opposite direction from any change in the expected experience of asset growth rates.

Asset/liability mismatch can also be caused by demographic assumption risk such as longevity, which affects liabilities but has no impact on asset levels. This risk is also discussed below.

- **Investment Risk** (the risk that investment returns will be different than expected)

The investment return assumption is a long-term, static assumption for valuation purposes even though in reality market experience can be quite volatile in any given year. That volatility can cause significant changes in the financial condition of the Plan, affecting both funded status and contribution rates. The inherent year-to-year volatility is reduced by smoothing through the valuation value of assets, however investment experience can still have a sizable impact. As discussed in *Section 2, Subsection J*,

Section 2: Actuarial Valuation Results

Volatility Ratios, on page 52, a 1% asset gain or loss (relative to the assumed investment return) translates to about 15.9% of one-year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 1.1% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The year-by-year market value rate of return over the last 10 years has ranged from a low of -7.24% to a high of 32.43%.

- **Longevity Risk** (the risk that mortality experience will be different than expected)

The actuarial valuation includes current life expectancy assumptions and an expectation of future improvement in life expectancy, which are significant assumptions given the relatively long duration of liabilities for pension plans. Emerging plan experience that does not match these expectations will result in increases or decreases in the actuarially determined contribution over time. This risk can be reduced by using tables appropriate for the Plan (public experience tables) that are weighted by benefit levels, and by using generational mortality projections. The Board has adopted mortality tables based on this methodology.

- **Other Risks**

In addition to longevity, the valuation includes a variety of other assumptions that are unlikely to match future experience exactly. One example is projected salary scales over time. As salary is central to the determination of benefits paid in retirement, deviations from the projected salary scales could have a material impact on the benefits anticipated for each member. Examples of other demographic assumptions include retirement, termination and disability assumptions.

Some plans also carry significant contribution risk, defined as the potential for actual future contributions deviating from expected future contributions. However, the employers have a proven track-record of making the actuarially determined contributions based on the Board's Actuarial Funding Policy, so contribution risk is minimal.

Evaluation of historical trends

Past experience can help demonstrate the sensitivity of key results to the Plan's actual experience. Over the past 10 years:

- The funded percentage on the valuation value of assets basis has increased from 91.5% to 99.8%. This is primarily due to employer contributions made to amortize the UAAL (i.e., amortizing each layer of UAAL over 20 years as a level percentage of pay) and average recent years' investment return on a smoothed basis greater than the assumption. For a more detailed history see *Section 2, Subsection G, Funded status* starting on page 45.
- The average geometric investment return on the actuarial value of assets over the last 10 years was 8.17%. This includes a high of 9.35% and a low of 7.30%. The average over the last five years is 8.14%. For more details see the *Section 2, Subsection B, Historical investment returns* on page 24.

Section 2: Actuarial Valuation Results

- Beyond investment experience, the primary source of new UAAL was the strengthening of assumptions through multiple assumption changes. In particular, the assumption changes in 2017 changed the discount rate from 7.50% to 7.25% (as well as various other changes) adding \$761 million in unfunded liability. The mortality assumption change in 2019 updated mortality tables, adding \$322 million in unfunded liability. The assumption changes in 2020 changed the discount rate from 7.25% to 7.00% (as well as various other changes) adding \$141 million in unfunded liability. The assumption changes in 2023 changed various assumptions and reduced the unfunded liability by \$234 million. For more details on unfunded liability changes see *Section 3, Exhibit G, Table of Amortization Bases* starting on page 77. A graphical representation of historical changes in UAAL by source will be included in the stand-alone risk assessment report.
- The plan's funding policy effectively deals with these unfunded liabilities over time. This can be seen most clearly in *Section 3, Exhibit H, Projection of UAAL balances and payments* starting on page 83.

Maturity measures

In the last 10 years the ratio of members in pay status to active participants has increased from 0.96 to 1.17. An increased ratio indicates that the plan has grown in maturity over time. This is to be expected, but is also informative for understanding plan sensitivity to particular risks. For more details see *Section 2, Subsection A, Member information* on page 17.

As pension plans mature, the cash needed to fulfill benefit obligations will increase over time. Therefore, cash flow projections and analysis should be performed to assure that the Plan's asset allocation is aligned to meet emerging pension liabilities. Over the past year, benefits and administrative expenses paid were \$854 million more than contributions received. Plans with high levels of negative cash flows may have a need for a larger allocation to income generating assets, which can create a drag on investment return. However, the Plan currently has a relatively low level of negative cash flow given the size of the Plan's assets and is well funded (at a 99.8% funded ratio). For more details on historical cash flows see *Section 2, Subsection B, Financial information* on page 21.

A further discussion of plan maturity measures and how they relate to changes in assets and liabilities is included in *Section 2, Subsection J, Volatility ratios* on page 52.

Low-Default-Risk Obligation Measure (LDROM)

In December 2021, the Actuarial Standards Board issued a revision of Actuarial Standard of Practice No. 4 (ASOP 4) *Measuring Pension Obligations and Determining Pension Plan Costs or Contributions*. One of the revisions to ASOP 4 requires the disclosure of a Low-Default-Risk Obligation Measure (LDROM) when performing a funding valuation. The LDROM presented in this report is calculated using the same methodology and assumptions used to determine the AAL used for funding, except for the discount rate.

Section 2: Actuarial Valuation Results

The LDRM is required to be calculated using “a discount rate...derived from low-default-risk fixed income securities whose cash flows are reasonably consistent with the pattern of benefits expected to be paid in the future.”

The LDRM is a calculation assuming a plan’s assets are invested in an all-bond portfolio, generally lowering expected long-term investment returns. The discount rate selected and used for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index Rate, published at the end of each week. The last published rate in June of the measurement period, by The Bond Buyer, is 3.93% for use effective June 30, 2024. This is the rate used to determine the discount rate for valuing reported public pension plan liabilities in accordance with Governmental Accounting Standards when plan assets are projected to be insufficient to make projected benefit payments, and the 20-year period reasonably approximates the duration of plan liabilities. The LDRM is not used to determine a plan’s funded status or actuarially determined contribution rates. The plan’s expected return on assets, currently 7.00%, is used for these calculations.

As of June 30, 2024, the LDRM for the Plan is \$41.9 billion.¹ The difference between the Plan’s AAL of \$27.6 billion and the LDRM can be thought of as the increase in the AAL if the entire portfolio were invested in low-default-risk securities. Alternatively, this difference could also be viewed as representing the expected savings from investing in the Plan’s diversified portfolio compared to investing only in low-default-risk securities.

ASOP 4 requires commentary to help the intended user understand the significance of the LDRM with respect to the funded status of the plan, plan contributions, and the security of member benefits. In general, if plan assets were invested exclusively in low-default-risk securities, the funded status would be lower and the actuarially determined contribution would be higher. While investing in a portfolio with low-default-risk securities may be more likely to reduce investment volatility and the volatility of employer contributions, it also may be more likely to result in higher employer contributions or lower benefits.

¹ For comparison purposes, as of June 30, 2023, the LDRM was \$42.1 billion based on a discount rate of 3.65%, while the Plan’s AAL was \$26.6 billion.

Section 2: Actuarial Valuation Results

J. Volatility ratios

Retirement plans are subject to volatility in the level of required contributions. This volatility tends to increase as retirement plans become more mature.

The Asset Volatility Ratio (AVR), which is equal to the market value of assets divided by total projected compensation, provides an indication of the potential contribution volatility for any given level of investment volatility. A higher AVR indicates that the plan is subject to a greater level of contribution volatility. This is a current measurement since it is based on the current level of assets.

The current AVR is about 15.9. This means that a 1% asset gain or loss (relative to the assumed investment return) translates to about 15.9% of one-year's payroll. Since actuarial gains and losses are amortized over 20 years, there would be a 1.1% of payroll decrease/(increase) in the required contribution for each 1% asset gain/(loss).

The Liability Volatility Ratio (LVR), which is equal to the actuarial accrued liability divided by total projected compensation, provides an indication of the longer-term potential for contribution volatility for any given level of investment volatility. This is because, over an extended period of time, the plan's assets should track the plan's liabilities. For example, if a plan is 50% funded on a market value basis, the liability volatility ratio would be double the asset volatility ratio and the plan sponsor should expect contribution volatility to increase over time as the plan becomes better funded.

The LVR also indicates how volatile contributions will be in response to changes in the actuarial accrued liability due to actual experience or to changes in actuarial assumptions. The current LVR is about 15.6, which is about 2% lower than the AVR.

Section 2: Actuarial Valuation Results

Volatility Ratios

As of June 30	Asset Volatility Ratio	Liability Volatility Ratio
2015	12.3	13.1
2016	12.2	13.4
2017	12.9	13.8
2018	13.2	13.8
2019	13.4	14.2
2020	12.8	14.2
2021	16.5	14.5
2022	15.2	15.4
2023	15.6	15.6
2024	15.9	15.6

Section 3: Supplemental Information

Exhibit A: Table of plan demographics

Total Plan — Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	12,369	12,571	-1.6%
• Average age	41.8	42.1	-0.3
• Average years of service	14.7	15.0	-0.3
• Total projected compensation	\$1,771,168,166	\$1,698,778,328	4.3%
• Average projected compensation	\$143,194	\$135,135	6.0%
• Account balances	\$2,135,227,413	\$2,140,806,151	-0.3%
• Total active vested members	3,976	4,214	-5.6%
Inactive members			
• Number ¹	828	776	6.7%
• Average age ²	47.8	48.4	-0.6
• Average monthly benefit at age 50 ²	\$4,067	\$4,432	-8.2%
Retired members			
• Number	10,379	10,018	3.6%
• Average age at retirement	52.5	52.4	0.1
• Average age	69.7	69.7	0.0
• Average monthly benefit (includes July COLA)	\$8,186	\$7,873	4.0%
Disabled members			
• Number	1,545	1,598	-3.3%
• Average age at retirement	43.2	43.3	-0.1
• Average age	73.3	73.3	0.0
• Average monthly benefit (includes July COLA)	\$6,115	\$5,935	3.0%
Beneficiaries			
• Number	2,499	2,515	-0.6%
• Average age	76.1	75.8	0.3
• Average monthly benefit (includes July COLA)	\$5,661	\$5,458	3.7%

¹ Includes 808 members as of June 30, 2024 and 737 members as of June 30, 2023 due a refund of member contributions.

² Excludes 808 members as of June 30, 2024 and 737 members as of June 30, 2023 due a refund of member contributions.

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Tier 1 – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average years of service	N/A	N/A	N/A
• Total projected compensation	N/A	N/A	N/A
• Average projected compensation	N/A	N/A	N/A
• Account balances	N/A	N/A	N/A
• Total active vested members	N/A	N/A	N/A
Inactive members			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit at age 50	N/A	N/A	N/A
Retired members			
• Number	22	23	-4.3%
• Average age at retirement	47.8	47.8	0.0
• Average age	87.0	85.9	1.1
• Average monthly benefit (includes July COLA)	\$3,579	\$3,454	3.6%
Disabled members			
• Number	24	27	-11.1%
• Average age at retirement	34.5	35.4	-0.9
• Average age	86.5	86.1	0.4
• Average monthly benefit (includes July COLA)	\$4,465	\$4,359	2.4%
Beneficiaries			
• Number	105	121	-13.2%
• Average age	84.3	84.9	-0.6
• Average monthly benefit (includes July COLA)	\$3,726	\$3,582	4.0%

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Tier 2 – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	3	3	0.0%
• Average age	68.3	67.3	1.0
• Average years of service	45.3	44.3	1.0
• Total projected compensation	\$481,744	\$467,803	3.0%
• Average projected compensation	\$160,581	\$155,934	3.0%
• Account balances	\$986,944	\$953,205	3.5%
• Total active vested members	3	3	0.0%
Inactive members			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit at age 50	N/A	N/A	N/A
Retired members			
• Number ¹	3,000	3,162	-5.1%
• Average age at retirement	50.1	50.1	0.0
• Average age	80.1	79.5	0.6
• Average monthly benefit (includes July COLA)	\$7,001	\$6,758	3.6%
Disabled members			
• Number	1,002	1,075	-6.8%
• Average age at retirement	44.2	44.2	0.0
• Average age	80.0	79.4	0.6
• Average monthly benefit (includes July COLA)	\$6,587	\$6,370	3.4%
Beneficiaries			
• Number	1,792	1,815	-1.3%
• Average age	81.4	81.0	0.4
• Average monthly benefit (includes July COLA)	\$5,833	\$5,649	3.3%

¹ Excludes 1 Tier 2 Harbor Port Police Retiree. This member is included in the "Tier 5 – Harbor Port Police" membership category as this member was a Tier 2 Police who exited DROP after transferring to Harbor Port Police and this member's actuarial accrued liability and assets are included with Harbor Port Police Tier 5.

Section 3: Supplemental Information

Tier 3 – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	315	390	-19.2%
• Average age	54.8	54.3	0.5
• Average years of service	28.4	27.9	0.5
• Total projected compensation	\$51,610,266	\$59,233,789	-12.9%
• Average projected compensation	\$163,842	\$151,882	7.9%
• Account balances	\$97,802,485	\$114,173,825	-14.3%
• Total active vested members	315	390	-19.2%
Inactive members			
• Number ¹	18	23	-21.7%
• Average age ²	51.9	50.2	1.7
• Average monthly benefit at age 50 ²	\$1,949	\$2,681	-27.3%
Retired members			
• Number	721	647	11.4%
• Average age at retirement	53.1	53.1	0.0
• Average age	62.0	61.6	0.4
• Average monthly benefit (includes July COLA)	\$5,606	\$5,265	6.5%
Disabled members			
• Number	245	247	-0.8%
• Average age at retirement	39.9	39.9	0.0
• Average age	64.1	63.2	0.9
• Average monthly benefit (includes July COLA)	\$4,526	\$4,389	3.1%
Beneficiaries			
• Number	108	106	1.9%
• Average age	58.4	57.9	0.5
• Average monthly benefit (includes July COLA)	\$3,815	\$3,784	0.8%

¹ Includes inactive members due a refund of member contributions.

² Excludes inactive members due a refund of member contributions.

Section 3: Supplemental Information

Tier 4 – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	149	156	-4.5%
• Average age	51.0	50.3	0.7
• Average years of service	25.1	24.4	0.7
• Total projected compensation	\$23,914,742	\$23,439,105	2.0%
• Average projected compensation	\$160,502	\$150,251	6.8%
• Account balances	\$39,534,362	\$38,769,862	2.0%
• Total active vested members	148	154	-3.9%
Inactive members			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit at age 50	N/A	N/A	N/A
Retired members			
• Number	353	347	1.7%
• Average age at retirement	48.1	48.0	0.1
• Average age	61.0	60.0	1.0
• Average monthly benefit (includes July COLA)	\$6,541	\$6,329	3.3%
Disabled members			
• Number	48	48	0.0%
• Average age at retirement	42.5	42.5	0.0
• Average age	60.8	59.8	1.0
• Average monthly benefit (includes July COLA)	\$5,725	\$5,558	3.0%
Beneficiaries			
• Number	10	9	11.1%
• Average age	61.2	61.2	0.0
• Average monthly benefit (includes July COLA)	\$5,482	\$4,827	13.6%

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Tier 5 – City¹ – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	6,525	7,067	-7.7%
• Average age	48.4	48.0	0.4
• Average years of service	21.4	21.1	0.3
• Total projected compensation	\$1,041,481,294	\$1,060,904,331	-1.8%
• Average projected compensation	\$159,614	\$150,121	6.3%
• Account balances	\$1,673,692,778	\$1,724,644,455	-3.0%
• Total active vested members	3,489	3,652	-4.5%
Inactive members			
• Number ²	253	247	2.4%
• Average age ³	46.1	47.4	-1.3
• Average monthly benefit at age 50 ³	\$4,975	\$5,307	-6.3%
Retired members			
• Number	6,260	5,816	7.6%
• Average age at retirement	53.8	53.8	0.0
• Average age	66.0	65.8	0.2
• Average monthly benefit (includes July COLA)	\$9,160	\$8,880	3.2%
Disabled members			
• Number	217	195	11.3%
• Average age at retirement	44.1	43.9	0.2
• Average age	54.7	54.6	0.1
• Average monthly benefit (includes July COLA)	\$6,026	\$5,835	3.3%
Beneficiaries			
• Number	478	458	4.4%
• Average age	59.6	58.0	1.6
• Average monthly benefit (includes July COLA)	\$5,876	\$5,612	4.7%

¹ Excludes Harbor Port Police.

² Includes inactive members due a refund of member contributions.

³ Excludes inactive members due a refund of member contributions.

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Tier 6 – City¹ – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	5,148	4,742	8.6%
• Average age	32.6	32.1	0.5
• Average years of service	5.2	4.8	0.4
• Total projected compensation	\$621,790,299	\$528,446,604	17.7%
• Average projected compensation	\$120,783	\$111,440	8.4%
• Account balances	\$293,652,596	\$235,675,574	24.6%
• Total active vested members	7	3	133.3%
Inactive members			
• Number ²	523	477	9.6%
• Average age ³	N/A	N/A	N/A
• Average monthly benefit at age 50 ³	N/A	N/A	N/A
Retired members			
• Number	1	1	0.0%
• Average age at retirement	50.0	50.0	0.0
• Average age	53.4	52.4	1.0
• Average monthly benefit (includes July COLA)	\$5,011	\$4,865	3.0%
Disabled members			
• Number	4	1	300.0%
• Average age at retirement	33.8	28.6	5.2
• Average age	34.6	29.6	5.0
• Average monthly benefit (includes July COLA)	\$5,641	\$3,825	47.5%
Beneficiaries			
• Number	5	5	0.0%
• Average age	24.3	23.3	1.0
• Average monthly benefit (includes July COLA)	\$4,432	\$4,303	3.0%

¹ Excludes Harbor Port Police and Airport Police.

² Includes inactive members due a refund of member contributions.

³ Excludes inactive members due a refund of member contributions.

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Tier 5 — Harbor Port Police — Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	87	87	0.0%
• Average age	46.5	45.5	1.0
• Average years of service	17.6	16.6	1.0
• Total projected compensation	\$14,830,729	\$12,786,907	16.0%
• Average projected compensation	\$170,468	\$146,976	16.0%
• Account balances	\$19,433,519	\$17,653,822	10.1%
• Total active vested members	10	9	11.1%
Inactive members			
• Number ¹	3	3	0.0%
• Average age ²	N/A	N/A	N/A
• Average monthly benefit at age 50 ²	N/A	N/A	N/A
Retired members			
• Number ³	22	22	0.0%
• Average age at retirement	55.3	55.3	0.0
• Average age	64.9	63.9	1.0
• Average monthly benefit (includes July COLA)	\$8,565	\$8,314	3.0%
Disabled members			
• Number	5	5	0.0%
• Average age at retirement	41.9	41.9	0.0
• Average age	53.9	52.9	1.0
• Average monthly benefit (includes July COLA)	\$5,353	\$5,197	3.0%
Beneficiaries			
• Number	1	1	0.0%
• Average age	21.3	20.3	1.0
• Average monthly benefit (includes July COLA)	\$4,362	\$4,235	3.0%

¹ Includes inactive members due a refund of member contributions.

² Excludes inactive members due a refund of member contributions.

³ Includes 1 Tier 2 Harbor Port Police retiree. This member is included in the "Tier 5 – Harbor Port Police" membership category as this member was a Tier 2 Police who exited DROP after transferring to Harbor Port Police and this member's actuarial accrued liability and assets are included with Harbor Port Police Tier 5.

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Tier 6 — Harbor Port Police — Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	40	30	33.3%
• Average age	33.4	35.0	-1.6
• Average years of service	4.7	5.5	-0.8
• Total projected compensation	\$5,400,324	\$3,795,078	42.3%
• Average projected compensation	\$135,008	\$126,503	6.7%
• Account balances	\$2,398,334	\$1,997,782	20.0%
• Total active vested members	0	0	N/A
Inactive members			
• Number ¹	6	7	-14.3%
• Average age ²	N/A	N/A	N/A
• Average monthly benefit at age 50 ²	N/A	N/A	N/A
Retired members			
• Number	0	0	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Disabled members			
• Number	0	0	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A
Beneficiaries			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit (includes July COLA)	N/A	N/A	N/A

¹ Includes inactive members due a refund of member contributions.

² Excludes inactive members due a refund of member contributions.

Section 3: Supplemental Information

Tier 6 – Airport Police – Demographics as of June 30

Demographic Data by Status	2024	2023	Change
Active members			
• Number	102	96	6.3%
• Average age	35.5	34.9	0.6
• Average years of service ¹	5.8	5.5	0.3
• Total projected compensation	\$11,658,768	\$9,704,711	20.1%
• Average projected compensation	\$114,302	\$101,091	13.1%
• Account balances ¹	\$7,726,394	\$6,937,625	11.4%
• Total active vested members	4	3	33.3%
Inactive members			
• Number ²	25	19	31.6%
• Average age ³	N/A	N/A	N/A
• Average monthly benefit at age 50 ³	N/A	N/A	N/A
Retired members			
• Number	0	0	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit	N/A	N/A	N/A
Disabled members			
• Number	0	0	N/A
• Average age at retirement	N/A	N/A	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit	N/A	N/A	N/A
Beneficiaries			
• Number	0	0	N/A
• Average age	N/A	N/A	N/A
• Average monthly benefit	N/A	N/A	N/A

¹ Includes all prior service transferred from Los Angeles City Employees' Retirement System (LACERS) even though some of that service may not have been fully purchased by the member as of the valuation date. The associated purchase cost is also included in the account balances.

² Includes inactive members due a refund of member contributions.

³ Excludes inactive members due a refund of member contributions.

Section 3: Supplemental Information

Exhibit B: Distribution of active members

Total Plan

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	379	379	—	—	—	—	—	—	—	—
	\$99,095	\$99,095	—	—	—	—	—	—	—	—
25-29	1,418	1,119	299	—	—	—	—	—	—	—
	\$109,914	\$105,873	\$125,035	—	—	—	—	—	—	—
30-34	1,905	654	1,120	131	—	—	—	—	—	—
	\$124,642	\$108,455	\$131,942	\$143,036	—	—	—	—	—	—
35-39	1,709	250	550	478	431	—	—	—	—	—
	\$137,945	\$108,722	\$134,734	\$143,864	\$152,428	—	—	—	—	—
40-44	1,927	76	190	266	1,193	202	—	—	—	—
	\$150,238	\$105,957	\$133,957	\$142,420	\$154,942	\$164,726	—	—	—	—
45-49	1,909	24	43	75	691	859	217	—	—	—
	\$157,622	\$107,754	\$135,437	\$145,643	\$151,910	\$163,023	\$168,487	—	—	—
50-54	1,966	9	13	32	245	556	1,002	109	—	—
	\$164,175	\$105,684	\$135,378	\$143,933	\$152,130	\$159,657	\$169,180	\$182,498	—	—
55-59	895	1	4	12	92	167	426	164	29	—
	\$165,789	\$107,273	\$167,761	\$145,064	\$147,054	\$156,568	\$166,781	\$179,733	\$195,221	—
60-64	227	1	1	—	13	34	97	59	19	3
	\$164,901	\$82,811	\$345,000	—	\$146,638	\$156,467	\$158,221	\$174,502	\$193,225	\$154,708
65-69	31	—	—	—	2	4	14	3	4	4
	\$164,521	—	—	—	\$129,900	\$151,965	\$155,144	\$192,998	\$152,211	\$218,162
70 and over	3	—	—	—	—	—	1	—	—	2
	\$156,868	—	—	—	—	—	\$140,888	—	—	\$164,859
Total	12,369	2,513	2,220	994	2,667	1,822	1,757	335	52	9
	\$143,194	\$105,817	\$132,124	\$143,519	\$153,161	\$161,446	\$167,779	\$179,830	\$191,183	\$185,165

Section 3: Supplemental Information

Tier 2

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
30-34	—	—	—	—	—	—	—	—	—	—
35-39	—	—	—	—	—	—	—	—	—	—
40-44	—	—	—	—	—	—	—	—	—	—
45-49	—	—	—	—	—	—	—	—	—	—
50-54	—	—	—	—	—	—	—	—	—	—
55-59	—	—	—	—	—	—	—	—	—	—
60-64	1	—	—	—	—	—	—	—	—	1
	\$164,859	—	—	—	—	—	—	—	—	\$164,859
65-69	1	—	—	—	—	—	—	—	—	1
	\$152,026	—	—	—	—	—	—	—	—	\$152,026
70 and over	1	—	—	—	—	—	—	—	—	1
	\$164,859	—	—	—	—	—	—	—	—	\$164,859
Total	3	—	—	—	—	—	—	—	—	3
	\$160,581	—	—	—	—	—	—	—	—	\$160,581

Section 3: Supplemental Information

Tier 3

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
30-34	—	—	—	—	—	—	—	—	—	—
35-39	—	—	—	—	—	—	—	—	—	—
40-44	—	—	—	—	—	—	—	—	—	—
45-49	19	—	—	—	—	1	18	—	—	—
	\$162,906	—	—	—	—	\$165,021	\$162,789	—	—	—
50-54	175	—	—	—	—	—	164	11	—	—
	\$164,200	—	—	—	—	—	\$162,813	\$184,870	—	—
55-59	89	—	—	—	—	—	73	15	1	—
	\$164,764	—	—	—	—	—	\$165,157	\$162,845	\$164,862	—
60-64	23	—	—	—	1	—	15	7	—	—
	\$162,920	—	—	—	\$122,205	—	\$163,302	\$167,919	—	—
65-69	8	—	—	—	—	1	6	1	—	—
	\$153,509	—	—	—	—	\$139,773	\$155,401	\$155,898	—	—
70 and over	1	—	—	—	—	—	1	—	—	—
	\$140,888	—	—	—	—	—	\$140,888	—	—	—
Total	315	—	—	—	1	2	277	34	1	—
	\$163,842	—	—	—	\$122,205	\$152,397	\$163,216	\$170,811	\$164,862	—

Section 3: Supplemental Information

Tier 4

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
30-34	—	—	—	—	—	—	—	—	—	—
35-39	—	—	—	—	—	—	—	—	—	—
40-44	—	—	—	—	—	—	—	—	—	—
45-49	78	—	—	—	—	54	24	—	—	—
	\$160,503	—	—	—	—	\$161,126	\$159,100	—	—	—
50-54	50	—	—	—	—	20	29	1	—	—
	\$156,364	—	—	—	—	\$157,731	\$155,435	\$155,975	—	—
55-59	14	—	—	—	1	6	2	4	1	—
	\$181,739	—	—	—	\$152,658	\$158,728	\$152,828	\$247,480	\$143,741	—
60-64	7	—	—	—	—	3	2	—	—	2
	\$147,570	—	—	—	—	\$146,242	\$147,498	—	—	\$149,632
65-69	—	—	—	—	—	—	—	—	—	—
70 and over	—	—	—	—	—	—	—	—	—	—
Total	149	—	—	—	1	83	57	5	1	2
	\$160,502	—	—	—	\$152,658	\$159,597	\$156,608	\$229,179	\$143,741	\$149,632

Section 3: Supplemental Information

Tier 5 – City¹

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30-34	3	—	—	3	—	—	—	—	—	—
	\$143,675	—	—	\$143,675	—	—	—	—	—	—
35-39	626	—	—	208	418	—	—	—	—	—
	\$149,859	—	—	\$144,999	\$152,278	—	—	—	—	—
40-44	1,534	—	—	174	1,160	200	—	—	—	—
	\$154,644	—	—	\$143,710	\$154,614	\$164,332	—	—	—	—
45-49	1,685	—	1	45	663	801	175	—	—	—
	\$158,987	—	\$144,884	\$147,158	\$151,677	\$163,234	\$170,361	—	—	—
50-54	1,687	—	—	24	230	528	809	96	—	—
	\$164,972	—	—	\$143,259	\$151,239	\$159,548	\$170,963	\$182,653	—	—
55-59	776	—	—	8	89	159	349	144	27	—
	\$165,695	—	—	\$142,972	\$146,328	\$156,493	\$167,157	\$179,442	\$198,252	—
60-64	191	—	—	—	11	29	80	52	19	—
	\$164,128	—	—	—	\$140,585	\$151,988	\$157,536	\$175,388	\$193,225	—
65-69	22	—	—	—	2	3	8	2	4	3
	\$169,094	—	—	—	\$129,900	\$156,029	\$154,952	\$211,547	\$152,211	\$240,207
70 and over	1	—	—	—	—	—	—	—	—	1
	\$164,859	—	—	—	—	—	—	—	—	\$164,859
Total	6,525	—	1	462	2,573	1,720	1,421	294	50	4
	\$159,614	—	\$144,884	\$144,590	\$152,810	\$161,405	\$169,108	\$179,992	\$192,658	\$221,370

¹ Excludes Harbor Port Police.

Section 3: Supplemental Information

Tier 6 – City¹

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0–4 Years	5–9 Years	10–14 Years	15–19 Years	20–24 Years	25–29 Years	30–34 Years	35–39 Years	40 Years and Over
Under 25	367	367	—	—	—	—	—	—	—	—
	\$99,267	\$99,267	—	—	—	—	—	—	—	—
25–29	1,397	1,099	298	—	—	—	—	—	—	—
	\$110,023	\$105,965	\$124,988	—	—	—	—	—	—	—
30–34	1,857	639	1,091	127	—	—	—	—	—	—
	\$124,727	\$108,691	\$131,987	\$143,046	—	—	—	—	—	—
35–39	1,037	236	529	267	5	—	—	—	—	—
	\$131,198	\$108,704	\$135,127	\$142,980	\$148,057	—	—	—	—	—
40–44	345	71	182	90	2	—	—	—	—	—
	\$129,946	\$105,893	\$134,205	\$140,112	\$138,837	—	—	—	—	—
45–49	100	23	41	27	7	2	—	—	—	—
	\$131,515	\$107,802	\$135,064	\$140,212	\$152,602	\$140,231	—	—	—	—
50–54	35	8	13	8	3	3	—	—	—	—
	\$132,162	\$102,876	\$135,378	\$145,953	\$137,832	\$153,878	—	—	—	—
55–59	9	1	2	4	—	2	—	—	—	—
	\$143,832	\$107,273	\$139,129	\$149,248	—	\$155,983	—	—	—	—
60–64	1	1	—	—	—	—	—	—	—	—
	\$82,811	\$82,811	—	—	—	—	—	—	—	—
65–69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 and over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	5,148	2,445	2,156	523	17	7	—	—	—	—
	\$120,783	\$105,933	\$132,063	\$142,453	\$147,039	\$150,580	—	—	—	—

¹ Excludes Harbor Port Police and Airport Police.

Section 3: Supplemental Information

Tier 5 — Harbor Port Police

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
25-29	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
30-34	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
35-39	8	—	—	—	8	—	—	—	—	—
	\$162,988	—	—	—	\$162,988	—	—	—	—	—
40-44	34	—	—	1	31	2	—	—	—	—
	\$169,725	—	—	\$146,000	\$168,269	\$204,154	—	—	—	—
45-49	23	—	—	1	21	1	—	—	—	—
	\$159,972	—	—	\$200,256	\$159,036	\$139,344	—	—	—	—
50-54	15	—	—	—	12	3	—	—	—	—
	\$174,734	—	—	—	\$172,783	\$182,539	—	—	—	—
55-59	4	—	—	—	2	—	1	1	—	—
	\$186,167	—	—	—	\$176,540	—	\$187,630	\$203,958	—	—
60-64	3	—	—	—	1	2	—	—	—	—
	\$237,044	—	—	—	\$237,651	\$236,740	—	—	—	—
65-69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 and over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	87	—	—	2	75	8	1	1	—	—
	\$170,468	—	—	\$173,128	\$166,988	\$196,094	\$187,630	\$203,958	—	—

Section 3: Supplemental Information

Tier 6 — Harbor Port Police

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0-4 Years	5-9 Years	10-14 Years	15-19 Years	20-24 Years	25-29 Years	30-34 Years	35-39 Years	40 Years and Over
Under 25	6	6	—	—	—	—	—	—	—	—
	\$94,888	\$94,888	—	—	—	—	—	—	—	—
25-29	8	7	1	—	—	—	—	—	—	—
	\$111,089	\$107,112	\$138,931	—	—	—	—	—	—	—
30-34	12	2	10	—	—	—	—	—	—	—
	\$139,834	\$106,581	\$146,485	—	—	—	—	—	—	—
35-39	8	3	3	2	—	—	—	—	—	—
	\$134,596	\$115,511	\$141,973	\$152,157	—	—	—	—	—	—
40-44	3	1	2	—	—	—	—	—	—	—
	\$141,809	\$143,363	\$141,032	—	—	—	—	—	—	—
45-49	1	—	—	1	—	—	—	—	—	—
	\$148,515	—	—	\$148,515	—	—	—	—	—	—
50-54	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
55-59	1	—	1	—	—	—	—	—	—	—
	\$268,560	—	\$268,560	—	—	—	—	—	—	—
60-64	1	—	1	—	—	—	—	—	—	—
	\$345,000	—	\$345,000	—	—	—	—	—	—	—
65-69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 and over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	40	19	18	3	—	—	—	—	—	—
	\$135,008	\$106,430	\$162,518	\$150,943	—	—	—	—	—	—

Section 3: Supplemental Information

Tier 6 – Airport Police

Active Counts and Average Projected Compensation by Age and Years of Service as of June 30, 2024

Age	Total	0–4 Years	5–9 Years	10–14 Years	15–19 Years	20–24 Years	25–29 Years	30–34 Years	35–39 Years	40 Years and Over
Under 25	6	6	—	—	—	—	—	—	—	—
	\$92,749	\$92,749	—	—	—	—	—	—	—	—
25–29	13	13	—	—	—	—	—	—	—	—
	\$97,405	\$97,405	—	—	—	—	—	—	—	—
30–34	33	13	19	1	—	—	—	—	—	—
	\$112,585	\$97,144	\$121,719	\$139,772	—	—	—	—	—	—
35–39	30	11	18	1	—	—	—	—	—	—
	\$116,766	\$107,266	\$121,975	\$127,483	—	—	—	—	—	—
40–44	11	4	6	1	—	—	—	—	—	—
	\$114,307	\$97,730	\$124,084	\$121,953	—	—	—	—	—	—
45–49	3	1	1	1	—	—	—	—	—	—
	\$138,190	\$106,654	\$141,309	\$166,608	—	—	—	—	—	—
50–54	4	1	—	—	—	2	—	1	—	—
	\$165,125	\$128,148	—	—	—	\$182,134	—	\$168,086	—	—
55–59	2	—	1	—	—	—	1	—	—	—
	\$142,649	—	\$124,227	—	—	—	\$161,070	—	—	—
60–64	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
65–69	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
70 and over	—	—	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—	—	—
Total	102	49	45	4	—	2	1	1	—	—
	\$114,302	\$99,822	\$122,628	\$138,954	—	\$182,134	\$161,070	\$168,086	—	—

Note: Includes all prior service transferred from Los Angeles City Employees’ Retirement System (LACERS) even though some of that service may not have been fully purchased by the member as of the valuation date.

Section 3: Supplemental Information

Exhibit C: Reconciliation of member data

Line Description	Active Members ¹	Inactive Members ²	Retired Members	Disabled Members	Beneficiaries	Total
Number as of June 30, 2023	12,571	776	10,018	1,598	2,515	27,478
New members	613	0	0	0	159	772
Terminations with vested rights	(156)	156	0	0	0	0
Contribution refunds	(74)	(77)	0	0	0	(151)
Retirements	(570)	(9)	579	0	0	0
New disabilities	(19)	(4)	0	23	0	0
Return to work	14	(14)	0	0	0	0
Died with or without beneficiary	(10)	0	(215)	(79)	(155)	(459)
Benefits expired	0	0	0	0	(19)	(19)
Data adjustments	0	0	(3)	3	(1)	(1)
Number as of June 30, 2024	12,369	828	10,379	1,545	2,499	27,620

¹ Includes DROP members.

² Includes 737 and 808 inactive members due a refund of member contributions as of June 30, 2023, and June 30, 2024, respectively.

Section 3: Supplemental Information

Exhibit D: Summary of income and expenses on a market value basis

All Assets for Retirement and Health Subsidy Benefits for Years Ended June 30

Line Description	2024	2023
Contribution income		
• Employer contributions	\$645,370,110	\$668,242,775
• Member contributions	157,191,117	151,934,789
– Net contribution income	\$802,561,227	\$820,177,564
Investment income		
• Investment, dividends and other income	\$1,831,717,990	\$789,981,816
• Recognition of capital appreciation ¹	1,188,335,625	1,480,816,592
• Less investment fees	(170,563,539)	(135,571,247)
– Net investment income	\$2,849,490,076	\$2,135,227,161
Total income available for benefits	\$3,652,051,303	\$2,955,404,725
Benefit payments		
• Less benefit payments	\$(1,629,510,110)	\$(1,506,383,087)
• Less administrative expenses	(26,768,636)	(25,565,614)
– Net benefit payments	\$(1,656,278,746)	\$(1,531,948,701)
Change in market value of assets	\$1,995,772,557	\$1,423,456,024
Net assets at market value at the beginning of the year¹	\$29,404,114,673	\$27,980,658,649
Net assets at market value at the end of the year	\$31,399,887,230	\$29,404,114,673

Note: Results may not add due to rounding.

¹ As part of the June 30, 2023 valuation, we received restated July 1, 2022 assets of \$27,980,660,619 that reflects an increase in assets of \$1,970. We have not restated the beginning of year assets for the 2022-2023 Plan Year, instead the increase of \$1,970 is included as part of the recognition of capital appreciation for 2022-2023.

Section 3: Supplemental Information

Exhibit E: Summary of plan assets

Statement of All Assets for Retirement and Health Subsidy Benefits as of June 30

Line Description	2024	2023
Cash equivalents	\$6,926,807	\$7,966,475
Accounts receivable		
• Accrued interest and dividends	\$136,195,948	\$120,421,293
• Employer contributions	6,045,754	5,869,834
• Due from brokers	698,216,333	609,322,670
– Total accounts receivable	\$840,458,034	\$735,613,798
Investments		
• Equities	\$17,385,549,451	\$16,455,439,703
• Fixed income investments	12,795,671,427	11,714,937,012
• Real assets	1,760,405,743	1,754,501,632
– Total investments at market value	\$31,941,626,622	\$29,924,878,348
Total assets	\$32,789,011,463	\$30,668,458,621
Accounts payable		
• Accounts payable and other liabilities	\$(22,823,390)	\$(45,439,827)
• Due to brokers	(1,192,375,516)	(1,031,395,175)
• Mortgage payable	(173,673,622)	(186,991,284)
– Total accounts payable	\$(1,388,872,528)	\$(1,263,826,287)
• Deferred inflows of resources	(251,705)	(517,661)
Net assets at market value	\$31,399,887,230	\$29,404,114,673
Net assets at actuarial value	\$30,707,765,722	\$29,396,813,303
Net assets at valuation value¹	\$27,527,602,006	\$26,430,734,890

Note: Results may not add due to rounding.

¹ Assets for Retirement only.

Section 3: Supplemental Information

Exhibit F: Development of the Plan through June 30, 2024

All Assets for Retirement and Health Subsidy Benefits

Year Ended June 30	Employer Contributions	Member Contributions	Administrative Expenses	Net Investment Return ¹	Benefit Payments	Market Value of Assets at Year-End	Actuarial Value of Assets at Year-End	Actuarial Value as a Percent of Market Value
2015	\$628,808,763	\$126,770,882	\$19,178,885	\$739,009,040	\$1,029,319,785	\$18,737,100,702	\$18,114,393,332	96.7%
2016	628,700,812	129,733,559	20,897,310	172,083,839	1,107,041,622	18,539,679,980	19,126,148,372	103.2%
2017	619,479,274	128,900,736	22,563,327	2,449,549,638	1,052,639,705	20,662,406,596	20,317,066,949	98.3%
2018	639,945,905	146,282,682	21,654,037	2,058,910,553	1,125,521,496	22,360,370,203	21,659,429,558	96.9%
2019	692,897,316	147,752,497	22,099,870	1,329,326,557	1,208,330,043	23,299,916,660	23,053,912,894	98.9%
2020	709,851,573	153,786,863	22,667,875	664,345,444	1,264,851,830	23,540,380,835	24,321,274,165	103.3%
2021	744,243,315	157,785,911	23,513,284	7,670,538,754	1,338,818,015	30,750,617,516	26,145,074,797	85.0%
2022	728,589,957	149,243,422	24,441,834	(2,231,147,283)	1,392,203,129	27,980,658,649	27,856,866,716	99.6%
2023	668,242,775	151,934,789	25,565,614	2,135,227,161	1,506,383,087	29,404,114,673	29,396,813,303	100.0%
2024	645,370,110	157,191,117	26,768,636	2,849,490,076	1,629,510,110	31,399,887,230	30,707,765,722	97.8%

¹ Net of investment fees.

Section 3: Supplemental Information

Exhibit G: Table of amortization bases

City¹

Base Type	Date Established: June 30	Initial Amount ²	Initial Period ²	Outstanding Balance	Years Remaining	Annual Payment ³
Assumption Change	1995	\$(28,297,458)	20	\$(3,992,692)	1	\$(3,992,692)
Plan Amendment	1996	3,942,456	21	1,057,569	2	538,856
Asset Method Change	1996	(25,485,184)	21	(6,836,427)	2	(3,483,322)
Plan Amendment	1998	7,670,599	23	3,743,350	4	989,980
Assumption Change	1998	12,901,106	23	6,295,898	4	1,665,036
Plan Amendment	2000	1,320,002	25	885,640	6	162,014
Assumption Change	2001	(34,027,429)	26	(25,563,132)	7	(4,082,213)
Tiers 5 and 6 Original Base ⁴	2002	(157,564,364)	27	(130,027,316)	8	(18,501,374)
Assumption Change	2004	(256,067,522)	29	(245,014,740)	10	(28,910,419)
Assumption Change	2005	462,298,308	30	469,488,307	11	51,264,579
Assumption Change	2006	335,289,906	30	348,310,630	12	35,484,757
Experience Gain	2007	(230,840,426)	21	(109,401,168)	4	(28,932,627)
Assumption Change	2007	(79,305,942)	30	(84,227,313)	13	(8,060,927)
Tier 2 2008 UAAL	2008	(632,245,519)	29	(656,623,062)	13	(62,841,738)
Experience Gain	2008	(102,156,783)	17	(14,188,200)	1	(14,188,200)
Assumption Change	2008	331,303,007	30	357,635,596	14	32,341,136
Experience Loss	2009	432,782,396	15	0	0	0

¹ Excludes Harbor Port Police and Airport Police.

² The initial amount and initial period for bases established on or before June 30, 2005 are values shown as of June 30, 2005 (i.e., the year before Segal was appointed as the actuary starting with the June 30, 2006 valuation).

³ Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

⁴ Tier 5 and Tier 6 without Harbor Port Police and Airport Police.

Section 3: Supplemental Information

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment
Experience Loss	2010	\$425,276,298	15	\$59,652,375	1	\$59,652,375
Assumption Change	2010	1,450,331	27	1,445,182	13	138,310
Assumption Change	2010	316,619,240	30	348,052,590	16	28,506,672
Experience Loss	2011	335,283,072	15	88,747,945	2	45,219,191
Plan Amendment ¹	2011	7,158,667	30	7,899,870	17	619,448
Assumption Change	2011	344,553,091	26	337,200,385	13	32,271,572
Assumption Change	2011	282,963,398	30	312,261,096	17	24,485,146
Experience Loss	2012	507,430,763	20	377,950,521	8	53,777,962
Experience Loss	2013	201,975,220	20	159,788,459	9	20,577,366
Experience Gain	2014	(486,020,342)	20	(403,399,491)	10	(47,598,966)
Assumption Change	2014	(22,796,632)	25	(22,591,139)	15	(1,940,014)
Experience Gain	2015	(810,497,708)	20	(700,439,146)	11	(76,482,667)
Experience Gain	2016	(332,986,295)	20	(297,179,012)	12	(30,275,633)
Experience Gain	2017	(83,665,036)	20	(76,581,169)	13	(7,329,157)
Assumption Change	2017	759,570,300	20	695,257,953	13	66,539,269
Experience Gain	2018	(109,879,249)	20	(102,948,234)	14	(9,309,652)
Experience Gain	2019	(227,140,426)	20	(216,743,826)	15	(18,612,873)
Plan Amendment	2019	(50,370,946)	15	(42,839,602)	10	(5,054,842)
Assumption Change	2019	320,173,835	20	305,518,938	15	26,236,435
Experience Loss	2020	167,934,379	20	162,499,386	16	13,309,243
Assumption Change	2020	139,691,240	20	135,170,301	16	11,070,900
Experience Gain	2021	(739,185,300)	20	(724,280,671)	17	(56,792,594)

¹ Gain due to new retirees from non-DROP status and new DROP members during July 1, 2011 – July 14, 2011.

Section 3: Supplemental Information

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment
Tier 1 UAAL ¹	2021	\$138,248,255	9	\$106,398,437	6	\$20,861,631
Experience Gain	2022	(146,121,327)	20	(144,493,580)	18	(10,883,546)
Experience Gain	2023	(42,206,225)	20	(41,994,797)	19	(3,047,513)
Assumption Change	2023	(232,026,292)	20	(230,863,981)	19	(16,753,529)
Experience Loss	2024	61,643,253	20	61,643,253	20	4,321,330
Total				\$66,674,982		\$72,958,710²

Harbor Port Police

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ³
UAAL Restart ⁴	2024	\$5,528,011	20	\$5,528,011	20	\$387,526
Total				\$5,528,011		\$387,526

Airport Police

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ³
Actuarial Surplus ⁵	2024	\$(4,173,920)	30	\$(4,173,920)	30	\$(229,079)
Total				\$(4,173,920)		\$(229,079)

¹ The Tier 1 UAAL of \$138,248,255 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized as a level dollar amount over a fixed 8-year period.

² The amortization of the UAAL in accordance with the funding policy is determined as the sum of the amortization amounts from the separate UAAL amortization layers created in each valuation and amortized over separate declining periods. This amount is slightly greater than the UAAL of \$67 million as of June 30, 2024.

³ Level percentage of payroll amortization payable as of the beginning of the year.

⁴ Consistent with LAFPP's funding policy, all prior UAAL layers were considered fully amortized due to Harbor Port Police being in surplus as of June 30, 2023. The UAAL upon exiting surplus as of June 30, 2024 becomes the first UAAL layer and is amortized over a decreasing 20-year period.

⁵ Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to Airport Police being in surplus. The surplus is amortized over a non-decreasing 30-year period.

Section 3: Supplemental Information

Total Plan

Base Type	Date Established: June 30	Initial Amount ¹	Initial Period ¹	Outstanding Balance	Years Remaining	Annual Payment ²
Assumption Change	1995	\$(28,297,458)	20	\$(3,992,692)	1	\$(3,992,692)
Plan Amendment	1996	3,942,456	21	1,057,569	2	538,856
Asset Method Change	1996	(25,485,184)	21	(6,836,427)	2	(3,483,322)
Plan Amendment	1998	7,670,599	23	3,743,350	4	989,980
Assumption Change	1998	12,901,106	23	6,295,898	4	1,665,036
Plan Amendment	2000	1,320,002	25	885,640	6	162,014
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Tiers 5 and 6 Original Base ³	2002	(157,564,364)	27	(130,027,316)	8	(18,501,374)
Assumption Change	2004	(256,067,522)	29	(245,014,740)	10	(28,910,419)
Assumption Change	2005	462,298,308	30	469,488,307	11	51,264,579
Assumption Change	2006	335,289,906	30	348,310,630	12	35,484,757
Experience Gain	2007	(230,840,426)	21	(109,401,168)	4	(28,932,627)
Assumption Change	2007	(79,305,942)	30	(84,227,313)	13	(8,060,927)
Tier 2 2008 UAAL	2008	(632,245,519)	29	(656,623,062)	13	(62,841,738)
Experience Gain	2008	(102,156,783)	17	(14,188,200)	1	(14,188,200)
Assumption Change	2008	331,303,007	30	357,635,596	14	32,341,136
Experience Loss	2009	432,782,396	15	0	0	0

¹ The initial amount and initial period for bases established on or before June 30, 2005 are values shown as of June 30, 2005 (i.e., the year before Segal was appointed as the actuary starting with the June 30, 2006 valuation).

² Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

³ Tier 5 and Tier 6 without Harbor Port Police and Airport Police.

Section 3: Supplemental Information

Base Type	Date Established: June 30	Initial Amount	Initial Period	Outstanding Balance	Years Remaining	Annual Payment
Experience Loss	2010	\$425,276,298	15	\$59,652,375	1	\$59,652,375
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Experience Gain	2017	(83,665,036)	20	(76,581,169)	13	(7,329,157)
Assumption Change	2017	759,570,300	20	695,257,953	13	66,539,269
Experience Gain	2018	(109,879,249)	20	(102,948,234)	14	(9,309,652)
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Experience Loss	2020	167,934,379	20	162,499,386	16	13,309,243
Assumption Change	2020	139,691,240	20	135,170,301	16	11,070,900
Experience Gain	2021	(739,185,300)	20	(724,280,671)	17	(56,792,594)

¹ Gain due to new retirees from non-DROP status and new DROP members during July 1, 2011 – July 14, 2011.

Section 3: Supplemental Information

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Tier 1 UAAL ¹	2021	\$138,248,255	9	\$106,398,437	6	\$20,861,631
Experience Gain	2022	(146,121,327)	20	(144,493,580)	18	(10,883,546)
Experience Gain	2023	(42,206,225)	20	(41,994,797)	19	(3,047,513)
Assumption Change	2023	(232,026,292)	20	(230,863,981)	19	(16,753,529)
Experience Loss	2024	61,643,253	20	61,643,253	20	4,321,330
Harbor Port Police UAAL Restart	2024	5,528,011	20	5,528,011	20	387,526
Airport Police Actuarial Surplus	2024	(4,173,920)	30	(4,173,920)	30	(229,079)
Total				\$68,029,073		\$73,117,157²

Note: Results may not total due to rounding.

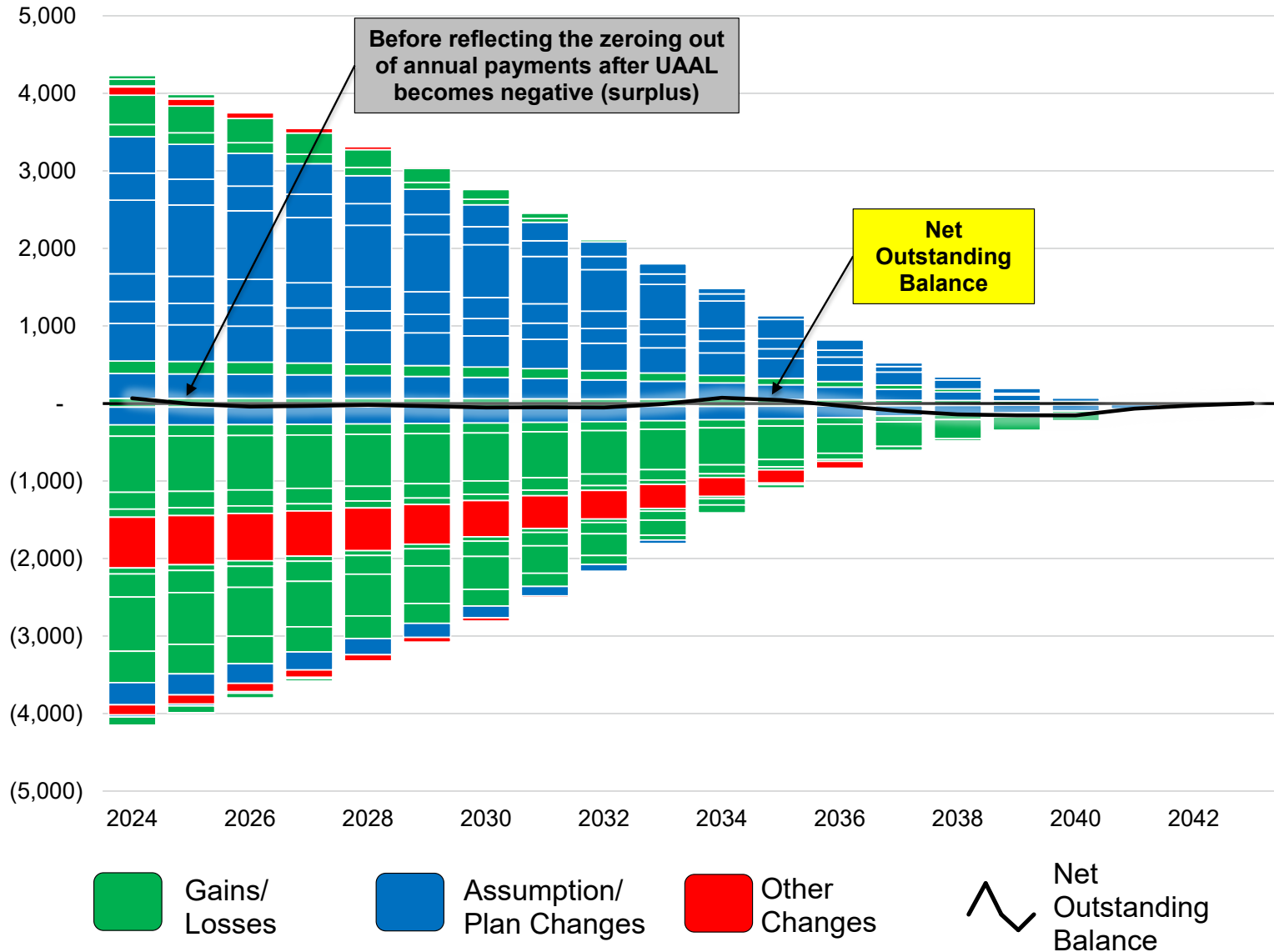
¹ The Tier 1 UAAL of \$138,248,255 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized as a level dollar amount over a fixed 8-year period.

² The amortization of the UAAL for the City in accordance with the funding policy is determined as the sum of the amortization amounts from the separate UAAL amortization layers created in each valuation and amortized over separate declining periods. The total Plan UAAL payment of \$73 million is slightly greater than the total Plan UAAL of \$68 million as of June 30, 2024.

Section 3: Supplemental Information

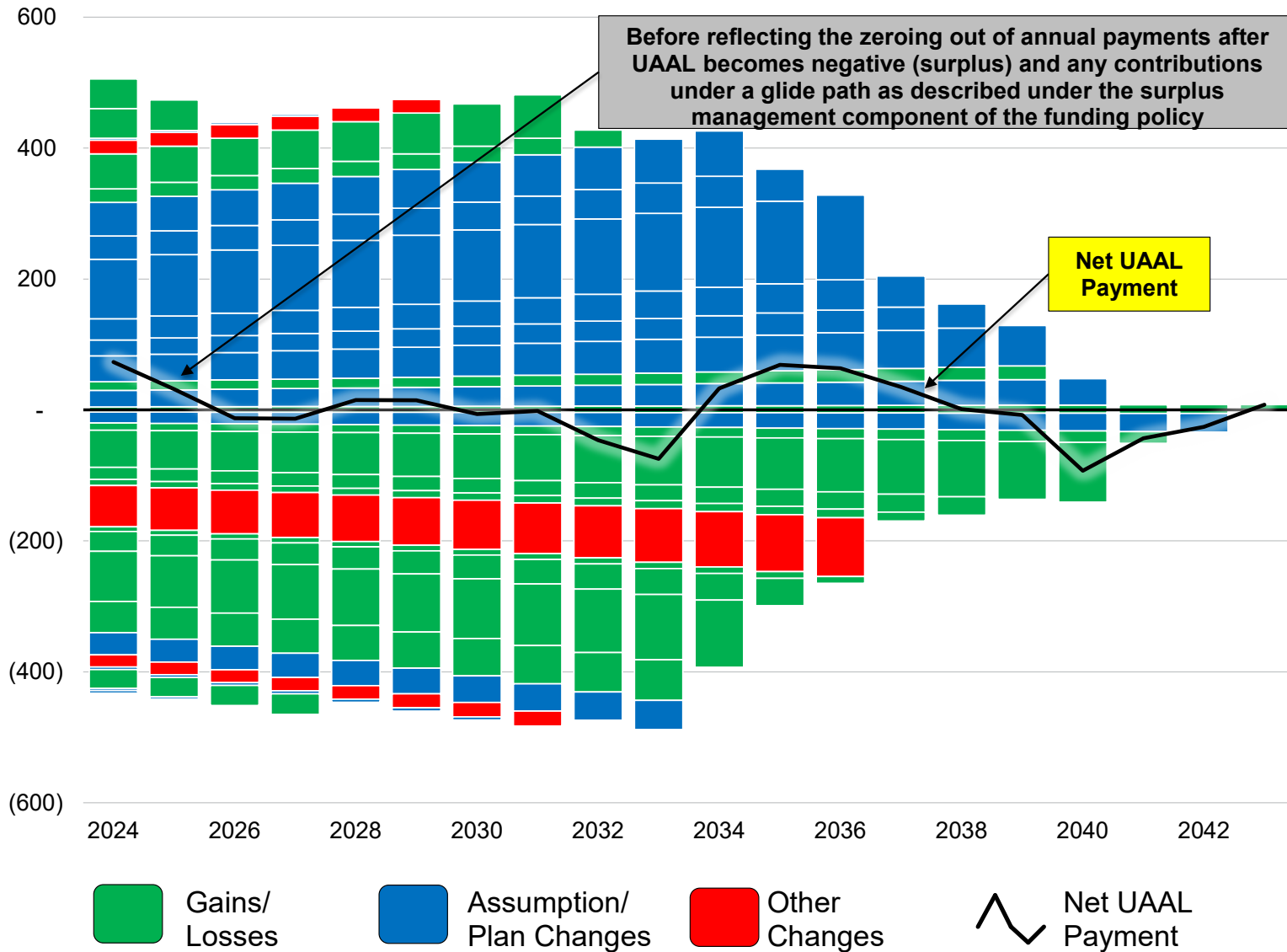
Exhibit H: Projection of UAAL balances and payments

Outstanding Balance of \$68 Million in Net UAAL as of June 30, 2024
 (\$ in Millions)



Section 3: Supplemental Information

Annual Payments Required to Amortize \$68 Million in Net UAAL as of June 30, 2024
 (\$ in Millions)



Section 4: Actuarial Valuation Basis

Exhibit 1: Actuarial assumptions, methods and models

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study report dated May 10, 2023. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all tiers. These assumptions were adopted by the Board.

Net investment return

7.00%; net of investment expenses.

Based on the Actuarial Experience Study referenced above, expected investment expenses represent about 0.10% of the actuarial value of assets.

Administrative expenses

Out of the total 1.45% of payroll in assumed administrative expenses, 1.32% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.28% of payroll payable at beginning of the year.

Interest crediting rate on member account

3.00%¹

Inflation rate

Increase of 2.50% per year.

¹ The above rate is only used for valuation purposes. The actual interest crediting rate on member account is determined by the Board every 6 months and is based on earned investment income as defined under the Board's operating policies and procedures.

Section 4: Actuarial Valuation Basis

Cost-of-Living Adjustment (COLA)

Increase of 2.75% per year for Tiers 1 through 6.

For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.

Payroll growth

Inflation of 2.50% per year plus “across-the-board” salary increase of 0.50% per year. The payroll growth assumption is used to amortize the unfunded actuarial accrued liability as a level percentage of payroll.

Increase in Internal Revenue Code Section 401(a)(17) compensation limit

Increase of 2.50% per year from the valuation date.

Section 4: Actuarial Valuation Basis

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across-the-board” salary increase of 0.50% per year, plus
- Merit and promotion increase based on years of service:

Merit and Promotion Increases

Years of Service	Rate (%)
Less than 1	9.00
1–2	7.00
2–3	6.50
3–4	5.50
4–5	4.00
5–6	2.75
6–9	2.00
9–10	2.50
10–11	1.90
11–12	1.80
12–13	1.70
13–14	1.60
14–15	2.00
15–16	1.40
16–17	1.30
17–19	1.20
19–20	1.60
20–25	1.00
25 and over	0.90

Increases are assumed to occur beginning of the year for future salary increases.

Projected compensation is calculated by annualizing the biweekly pay supplied by LAFPP (by multiplying by 365 and dividing by 14), and applying the salary increase assumptions provided above.

Section 4: Actuarial Valuation Basis

Post-retirement mortality rates

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

Healthy

Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

Pub-2010 Safety Disabled Retiree Amount-Weighted Mortality Table projected generationally with the two-dimensional mortality improvement scale MP-2021.

Beneficiary

- **Not in pay status as of valuation**

- Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

- **In pay status as of valuation**

- Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Notes

The above listed *Safety Healthy Retiree* table only provides rates for ages 45 and older. To develop mortality rates for ages 36 through 44, we have smoothed the difference between the rates at age 35 from the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 36, we have used the Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Tables rates.

The above listed *General Healthy Retiree* table only provides rates for ages 50 and older. To develop mortality rates for ages 41 through 49, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Amount-Weighted

Section 4: Actuarial Valuation Basis

Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Tables. To develop the mortality rates before age 41, we have used the Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables rates.

This methodology for developing extended annuitant mortality tables is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Internal Revenue Code Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Pre-retirement mortality rates

Pub-2010 Safety Employee Amount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Pre-Retirement Mortality Rates (%) – Before Generational Projection from 2010

Age	Male	Female
20	0.04	0.02
25	0.03	0.02
30	0.04	0.02
35	0.04	0.03
40	0.05	0.04
45	0.07	0.06
50	0.10	0.08
55	0.15	0.11
60	0.23	0.15

All pre-retirement deaths are assumed to be service connected.

Section 4: Actuarial Valuation Basis

Disability

Disability Incidence Rates (%)

Age	Fire	Police
25	0.01	0.01
30	0.02	0.03
35	0.05	0.08
40	0.08	0.18
45	0.11	0.25
50	0.14	0.29
55	0.36	0.36
60	0.50	0.61
65	0.20	0.30
70	0.00	0.00

85% of disabilities are assumed to be service connected disabilities. The remaining 15% are assumed to be non-service connected disabilities.

Disability rates are not applied to members eligible to enter the DROP.

Section 4: Actuarial Valuation Basis

Termination

Less Than Five Years of Service — Termination Rates (%)

Years of Service	Fire	Police
Less than 1	7.50	9.00
1–2	1.80	3.25
2–3	1.10	3.25
3–4	1.00	3.25
4–5	0.50	2.50

Five or More Years of Service — Termination Rates (%)

Age	Fire	Police
25	0.60	2.50
30	0.51	2.08
35	0.33	1.29
40	0.25	0.74
45	0.16	0.60
50	0.07	0.57
55	0.02	0.52
60	0.00	0.20
65	0.00	0.00

No termination is assumed after a member is eligible for retirement (this includes all active members currently in Tier 2).

Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit due to their years of service at assumed termination are assumed to receive a refund of member contributions.

Section 4: Actuarial Valuation Basis

Retirement rates

Retirement Rates (%)

Age	Fire: Tiers 2 and 4	Fire: Tiers 3 and 5	Fire: Tier 6	Police: Tiers 2 and 4	Police: Tiers 3 and 5	Police: Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70 and over	100.00	100.00	100.00	100.00	100.00	100.00

Section 4: Actuarial Valuation Basis

DROP program

DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. For current DROP participants, we have rounded up the number of years they have been in DROP for purposes of determining the number of years they are expected to remain in the DROP as of the valuation date.

For members who enter DROP on or after February 1, 2019, it is assumed they will have DROP payments suspended for an average of 3.5 months (or 0.7 months for each remaining year in DROP for current DROP members) due to the minimum hours per month needed for participation.

For active members who are not in the DROP as of the valuation date and are expected to retire with a service retirement benefit, we assume 95% will have elected DROP prior to retirement if they will have also satisfied the requirements for participating in the DROP for 5 years (starting on or after the valuation date).

Retirement age for deferred vested members

50

Benefit for inactive non-vested members

Immediate refund of member contributions.

Future benefit accruals

1.0 year of service per year.

Unknown data for members

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

Definition of active members

First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.

Section 4: Actuarial Valuation Basis

Form of payment

All active and inactive members are assumed to elect the unmodified option at retirement.

Spousal assumptions

Current Active and Inactive Member Spousal Assumptions

Member Gender	% with Spouse at Retirement or Pre-Retirement Death	Spouse Age	Spouse Gender
Male member	85%	3 years younger than member	Female
Female member	55%	2 years older than member	Male

Service-connected disability benefits

Years of Service	Benefit
Less than 20	55% of Final Average Salary
20–30	60% of Final Average Salary
More than 30	75% of Final Average Salary

Non-service-connected disability benefits

45% of Final Average Salary.

Non-pensionable salary components

Starting with the June 30, 2024 valuation, LAFPP provided us with pay elements that are reported separately for pensionable salary, “temporarily” non-pensionable salary under RIP 2.0 and “temporarily” non-pensionable salary under the Length of Service Pay Program. We have developed the total normal cost and the UAAL using both the pensionable and “temporarily” non-pensionable salaries. The normal cost contributions paid by the employees were calculated using pensionable salaries only. The projected compensation shown in this report includes both the pensionable salary and the “temporarily” non-pensionable salary.

Section 4: Actuarial Valuation Basis

Actuarial cost method

Entry age actuarial cost method. Entry age is the age on the valuation date minus years of service. Normal cost and actuarial accrued liability are calculated on an individual basis and are based on costs allocated as a level percentage of compensation, with normal cost determined as if the current benefit formula for each individual has always been in effect.

Actuarial value of assets

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

Valuation value of assets

The portion of the actuarial value of assets that is allocated for retirement benefits.

Funding policy

The City of Los Angeles makes contributions equal to the normal cost adjusted by an amount to amortize any surplus or unfunded actuarial accrued liability (UAAL). Both the normal cost and the actuarial accrued liability are determined under the entry age cost method on an individual basis.

Any surplus is amortized over an open (non-decreasing) 30-year period, subject to any restrictions in the Surplus Management Policy. Any changes in UAAL due to actuarial gains or losses and assumption changes are amortized over separate 20-year periods as a level percentage of payroll. Any changes in UAAL from plan amendments are amortized over separate 15-year periods as a level percentage of payroll.

For Tier 1, the UAAL as of June 30, 2021 was rolled forward to June 30, 2022, and is amortized using level dollar amortization over a fixed period, with 8 years remaining as of June 30, 2023. All future UAAL attributed to Tier 1 will be amortized in accordance with the Funding Policy described above.

The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all Tiers, and divided by the total covered payroll for the respective employer, subject to any restrictions in the Surplus Management Policy. The UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier.

Section 4: Actuarial Valuation Basis

Surplus Management Policy

Upon the City becoming fully funded, the City UAAL contribution rate that was determined in the previous valuation may be phased-out linearly to 0.00% over a glide path of a certain number of years. The City's UAAL contribution rates during the glide path period would continue to be determined by the glide path unless the Plan became less than 100% funded, in which case the UAAL contribution rate would be set equal to the greater of the contribution rate determined using the glide path or the contribution rate required to amortize the UAAL in that valuation. To maintain a smooth glide path, during the phase-out period, the total of the City's normal cost and UAAL contribution rates projected from the prior valuation to the current valuation with the phased-out UAAL rate anticipated under the glide path will be charged unless such total is less than the City's total contribution rates determined in the current valuation without regard to the glide path. Any time after the completion of the glide path, the amount of the actuarial value of assets that is over 110% of the actuarial accrued liability shall be amortized over 30 years to provide a partial credit to the normal cost.

Internal Revenue Code Section 415

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

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

In particular, Section 415(b) of the IRC limits the maximum annual benefit payable at the Normal Retirement Age to a dollar limit of \$160,000 indexed for inflation. That limit is \$265,000 for 2023 and \$275,000 for 2024. Normal Retirement Age for these purposes is age 62. These are the limits in simplified terms. They must be adjusted based on each participant's circumstances, for such things as age at retirement, form of benefits chosen and after tax contributions.

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

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

Section 4: Actuarial Valuation Basis

Models

Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Justification for change in actuarial assumptions, methods or models

On August 1, 2024, the Board amended the funding policy to include a Surplus Management Policy for the City. Previously, any surplus was amortized over an open (non-decreasing) 30-year period.

Starting with the June 30, 2024 valuation, LAFPP provided us with pay elements that are reported separately for pensionable salary, “temporarily” non-pensionable salary under RIP 2.0 and “temporarily” non-pensionable salary under the Length of Service Pay Program. We have developed the total normal cost and the UAAL using both the pensionable and “temporarily” non-pensionable salaries. The normal cost contributions paid by the employees were calculated using pensionable salaries only. The projected compensation shown in this report includes both the pensionable salary and the “temporarily” non-pensionable salary.

Section 4: Actuarial Valuation Basis

Exhibit 2: Summary of plan provisions

This exhibit summarizes the major provisions of the City of Los Angeles Fire and Police Pension Plan included in the valuation. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions. If LAFPP should find the plan summary not in accordance with the actual provisions, LAFPP should alert the actuary so they can both be sure the proper provisions are valued.

For Tiers 1 through 4 and Tier 6, the section codes are from the Los Angeles Charter. For Tier 5 and the DROP program, the section codes are from the Los Angeles Administrative Code.

Plan year

July 1 through June 30

Census date

June 30

Membership eligibility

LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members of the Los Angeles Fire, Police, Harbor and Airport Departments (effective January 7, 2018, eligible Airport Police Officers are allowed to join Tier 6). Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. There are currently six tiers applicable to members of the LAFPP.

Membership Tier	Membership Tier Plan Provision
Tier 1	Members hired on or before January 28, 1967.
Tier 2	Members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968.
Tier 3	Members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998.
Tier 4	Members hired from July 1, 1997 through December 31, 2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998.

Section 4: Actuarial Valuation Basis

Membership Tier	Membership Tier Plan Provision
Tier 5	Members hired from January 1, 2002 through June 30, 2011 and those active members of Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002.
Tier 6	Members hired on or after July 1, 2011.

Salary and service for benefit determination

Salary and Service by Tier	Salary and Service Plan Provision
Salary	
Tier 1 and Tier 2 (§1302, §1406)	Final monthly salary rate (normal pension base).
Tier 3, Tier 4 and Tier 5 (§1502, §1602, §4.2002)	Highest monthly average salary actually received during any 12 consecutive months of service (final average salary).
Tier 6 (§1702)	Highest monthly average salary actually received during any 24 consecutive months of service (final average salary).
Compensation limit	
All members	For members with membership dates on or after July 1, 1996, salary is limited to Internal Revenue Code Section 401(a)(17). This limit is \$345,000 for Plan year beginning July 1, 2024. The limit is indexed for inflation on an annual basis.
Service	
All members	Years of service are generally based on a member's employment during a period of time for which deductions are made from their compensation.

Service retirement benefits

Provision by Tier	Service Retirement Plan Provision
Eligibility	
Tier 1, Tier 2 and Tier 4 (§1304, §1408, §1604)	Any age and 20 years of service.
Tier 3 (§1504)	Age 50 and 10 years of service.
Tier 5 and Tier 6 (§4.2004, §1704)	Age 50 and 20 years of service.

Section 4: Actuarial Valuation Basis

Provision by Tier	Service Retirement Plan Provision
Benefit amount	
Tier 1 (§1304)	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1 $\frac{2}{3}$ % for each additional year between 25 and 35 years of service. Maximum of 66 $\frac{2}{3}$ % for 35 or more years of service.
Tier 2 (§1408)	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.
Tier 3 and Tier 4 (§1504, §1604)	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.
Tier 5 (§4.2004)	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.
Tier 6 (§1704)	40% at 20 years of service, plus 3% per year for years 21 through 25, 4% per year for years 26 through 30, and 5% per year for years 31 through 33. Maximum of 90% for 33 or more years of service.

Deferred Retirement Option Plan (DROP) (§4.2100–4.2109)

Provision by Tier	DROP Plan Provision
Eligibility	
Tier 1	Not applicable.
Tier 2 and Tier 4	Any age and 25 years of service
Tier 3, Tier 5 and Tier 6	Age 50 and 25 years of service

Section 4: Actuarial Valuation Basis

Provision by Tier	DROP Plan Provision
Benefit amount	
Tier 1	Not applicable.
Tier 2, Tier 3, Tier 4, Tier 5 and Tier 6	<p>DROP benefits (calculated using age, service, and salary at the commencement date of participation in DROP) will be credited to a DROP account monthly, with interest at 5% annually. Members may participate in DROP for up to five years.</p> <p>For members who enter the DROP on or after February 1, 2019, their participation in DROP will be suspended for any calendar month in which they do not spend at least 112 hours on active duty status. If participation is suspended, the member is eligible to participate in DROP for a maximum of 30 additional months beyond the original participation period. The participation period can only be extended for as many months as the member's participation was suspended and no interest is credited to the member's DROP account following the initial 60-month participation period.</p> <p>Members are required to make normal member contributions.</p> <p>DROP benefits receive annual COLA while in DROP (limited to 3% for all Tiers).</p>

Disability benefits

Service-connected disability

Provision by Tier	Service-Connected Disability Plan Provision
Eligibility	
All members	No age or service requirement.
Benefit amount	
Tier 1 and Tier 2 (§1310, §1412)	50% to 90% of Normal Pension Base depending on severity of disability, with a minimum of Member's service pension percentage rate.
Tier 3, Tier 4, Tier 5 and Tier 6 (§1506, §1606, §4.2006, §1706)	30% to 90% of Final Average Salary depending on severity of disability with a minimum of 2% of Final Average Salary per year of service.

Section 4: Actuarial Valuation Basis

Non-service-connected disability

Provision by Tier	Non-Service-Connected Disability Plan Provision
Eligibility	
All members	Any age and 5 years of service.
Benefit amount	
Tier 1 and Tier 2 (§1312, §1412)	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.
Tier 3, Tier 4, Tier 5 and Tier 6 (§1506, §1606, §4.2006, §1706)	30% to 50% of Final Average Salary depending on severity of disability.

Basic death benefit

Provision by Tier	Basic Death Benefit Plan Provision
Eligibility	
Tier 1 and Tier 2	Not applicable.
Tier 3, Tier 4, Tier 5 and Tier 6	At least one year of service.
Benefit amount	
Tier 1 and Tier 2	Not applicable.
Tier 3, Tier 4, Tier 5 and Tier 6	In addition to return of contributions, a Qualified Survivor receives the Member's one-year average monthly salary times years of completed service (not to exceed 6 years).

Section 4: Actuarial Valuation Basis

Pre-retirement death

Service retirement eligible based on years of service

Provision by Tier	Pre-Retirement Death (Service Retirement Eligible Based on Years of Service) Plan Provision
Eligibility	
Tier 1, Tier 2, Tier 4, Tier 5 and Tier 6 (§1304, §1408, §1604, §4.2004, §1704)	Any age and 20 years of service.
Tier 3 (§1504)	Any age and 10 years of service.
Benefit amount	
Tier 1 (§1314, §1316)	100% of Member's accrued service retirement benefit Member would have received, not to exceed 50% of Normal Pension Base.
Tier 2 (§1414)	100% of Member's accrued service retirement benefit Member would have received, not to exceed 55% of Normal Pension Base.
Tier 3 and Tier 4 (§1508, §1608)	80% of service retirement benefit Member would have received, not to exceed 40% of the Member's Final Average Salary.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 100% of Member's accrued service retirement benefit Member would have received, not to exceed 55% of Normal Pension Base. For members who are not former Tier 2, 40% of the Member's Final Average Salary.
Tier 6 (§1708)	50% of the Member's Final Average Salary.

Section 4: Actuarial Valuation Basis

Service-connected death

Provision by Tier	Pre-Retirement Death (Service-Connected) Plan Provision
Eligibility	
All members	No age or service requirement.
Benefit amount	
Tier 1 (§1314)	50% of Member's Normal Pension Base.
Tier 2 (§1414)	50% of the Member's Normal Pension Base, or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death.
Tier 3 and Tier 4 (§1508, §1608)	75% of the Member's Final Average Salary.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 75% of the Member's Normal Pension Base payable to a Qualified Surviving Spouse or Qualified Surviving Domestic Partner. For members who are not former Tier 2, 75% of the Member's Final Average Salary payable to a Qualified Surviving Spouse or Qualified Surviving Domestic Partner.
Tier 6 (§1708)	80% of the Member's Final Average Salary.

Non-service-connected death

Provision by Tier	Pre-Retirement Death (Non-Service Connected) Plan Provision
Eligibility	
All members	5 years of service.
Benefit amount	
Tier 1 and Tier 2 (§1316, §1414)	40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 3 and Tier 4 (§1508, §1608)	30% of the Member's Final Average Salary; 40% of Final Average Salary while eligible for a service pension based on years of service (10+ for Tier 3, 20+ for Tier 4).
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. For members who are not former Tier 2, 30% of the Member's Final Average Salary; 40% of Final Average Salary while eligible for a service pension based on years of service (20+).
Tier 6 (§1708)	50% of the Member's Final Average Salary.

Section 4: Actuarial Valuation Basis

Post-retirement death

Service retirement

Membership Tier	Post-Retirement Death (Service Retirement) Plan Provision
Tier 1 (§1314, §1316)	Same percentage of the Member's Normal Pension Base to a maximum of 50%.
Tier 2 (§1414)	Same percentage of the Member's Normal Pension Base to a maximum of 55%.
Tier 3 and Tier 4 (§1508, §1608)	60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, same percentage of the Member's Normal Pension Base to a maximum of 55%. For members who are not former Tier 2, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	70% of the pension received by the deceased Member.

Service-connected disability

Membership Tier	Post-Retirement Death (Service-Connected Disability) Plan Provision
Tier 1 (§1314)	50% of Member's Normal Pension Base.
Tier 2 (§1414)	50% of the Member's Normal Pension Base or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death.
Tier 3 and Tier 4 (§1508, §1608)	If death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 75% of the Final Average Salary. Otherwise, 60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	For former Tier 2, 50% of the Member's Normal Pension Base or 55% of the Member's Normal Pension Base if Member had at least 25 years of service at the date of death. For members who are not former Tier 2, if death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 75% of the Final Average Salary. Otherwise, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	If death occurs within three years of the Member's effective date of pension and is due to service-connected cause(s), then the Qualified Surviving Spouse or Qualified Surviving Domestic Partner shall receive 80% of the Final Average Salary. Otherwise, 80% of the pension received by the deceased Member.

Section 4: Actuarial Valuation Basis

Non-service-connected disability

Membership Tier	Post-Retirement Death (Non-Service-Connected Disability) Plan Provision
Tier 1 and Tier 2 (§1316, §1414)	40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay.
Tier 3 and Tier 4 (§1508, §1608)	60% of the pension received by the deceased Member.
Tier 5 (§4.2008, §4.2008.5)	If former Tier 2 member, 40% of highest monthly salary as of Member's death for basic rank of Police Officer III or Firefighter III, and the highest length of service pay. For members who are not former Tier 2, 60% of the pension received by the deceased Member.
Tier 6 (§1708)	70% of the pension received by the deceased Member.

Deferred pension option

Provision by Tier	Deferred Pension Option Plan Provision
Eligibility	
Tier 1, Tier 2 and Tier 4	Not applicable.
Tier 3 (§1504)	10 years of service. Receive service pension at age 50.
Tier 5, Tier 6 (§4.2004, §1704)	20 years of service. Receive service pension at age 50.
Benefit amount	
Tier 1, Tier 2 and Tier 4	Not applicable.
Tier 3, Tier 5 and Tier 6	Member is entitled to receive a service pension using Tier 3 retirement formula.

Cost-of-Living Adjustment (COLA)

Membership Tier	Cost-of-Living Adjustment Plan Provision
Tier 1 and Tier 2 (§1328, §1422)	Commencing July 1 based on changes to Los Angeles area consumer price index.
Tier 3 and Tier 4 (§1516, §1616)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year. COLA is prorated in the first year of retirement.
Tier 5 and Tier 6 (§4.2016, §1716)	Commencing July 1 based on changes to Los Angeles area consumer price index to a maximum of 3% per year, excess banked. COLA is prorated in the first year of retirement.

Section 4: Actuarial Valuation Basis

Member normal contributions

Members are exempt from making contributions if their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6.

Members not in Tier 6 may pay a 2% contribution on their base salary retroactive to August 15, 2011 for a period of 25 years or until retired from the Plan to avoid a freeze on their retiree health subsidy.

Membership Tier	Member Normal Contribution Plan Provision
Tier 1 (§1324)	Normal contribution rate of 6%.
Tier 2 (§1420)	Normal contribution rate of 6% plus half of the cost of the cost of living benefit to a maximum of 1%.
Tier 3 (§1514)	Normal contribution rate of 8%.
Tier 4 (§1614)	Normal contribution rate of 8%.
Tier 5 (§4.2014)	Normal contribution rate of 9% with the City of Los Angeles paying 1% provided that the Plan is at least 100% actuarially funded for pension benefits.
Tier 6 (§1714)	Normal contribution rate of 9%, plus 2% additional contributions to support funding of retiree health benefits. The additional 2% contributions shall not be required for members with more than 25 years of service. Normal contribution rate for Airport Police who transferred from Los Angeles City Employees' Retirement System (LACERS) is 11% until June 30, 2026. Thereafter, contribution rate is 10% for transferred Airport Police with more than 25 years of service.

Changes in plan provisions

There have been no changes in Plan provisions since the prior valuation.

We understand that there is a ballot measure which if approved by the voters would allow certain Los Angeles City Employees' Retirement System active members to be transferred to LAFPP so that those members would receive Safety benefits available under LAFPP. However, as that measure has not been approved as of the date of preparation of this report, we have not reflected the financial impact of the transfer in this report.

Appendix A: Definition of Pension Terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Actuarial accrued liability for actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial accrued liability for retirees and beneficiaries	Actuarial present value of lifetime benefits to existing retirees and beneficiaries. This sum takes account of life expectancies appropriate to the ages of the annuitants and the interest that the sum is expected to earn before it is entirely paid out in benefits.
Actuarial cost method	A procedure allocating the actuarial present value of future benefits to various time periods; a method used to determine the normal cost and the actuarial accrued liability that are used to determine the actuarially determined contribution.
Actuarial gain or loss	A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions, during the period between two actuarial valuation dates. To the extent that actual experience differs from that assumed, actuarial accrued liabilities emerge which may be the same as forecasted or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., assets earn more than projected, salary increases are less than assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results yield actuarial liabilities that are larger than projected.
Actuarially equivalent	Of equal actuarial present value, determined as of a given date and based on a given set of actuarial assumptions.
Actuarial present value	<p>The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions. Each such amount or series of amounts is:</p> <p>Adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)</p> <p>Multiplied by the probability of the occurrence of an event (such as survival, death, disability, withdrawal, etc.) on which the payment is conditioned, and</p> <p>Discounted according to an assumed rate (or rates) of return to reflect the time value of money.</p>

Appendix A: Definition of Pension Terms

Term	Definition
Actuarial present value of future benefits	The actuarial present value of benefit amounts expected to be paid at various future times under a particular set of actuarial assumptions, taking into account such items as the effect of advancement in age, anticipated future compensation, and future service credits. The actuarial present value of future benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive members entitled to either a refund of member contributions or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
Actuarial valuation	The determination, as of a valuation date, of the Normal cost, actuarial accrued liability, actuarial value of assets, and related actuarial present values for a plan, as well as actuarially determined contributions.
Actuarial value of assets	The value of the Plan's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly plans use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined contribution.
Actuarially determined	Values that have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the Plan.
Actuarially determined contribution	The employer's contributions, expressed as a dollar amount or a percentage of covered plan compensation, determined under the Plan's funding policy. The actuarially determined contribution consists of the employer normal cost and the amortization payment.
Amortization method	A method for determining the amortization payment. The most common methods used are level dollar and level percentage of payroll. Under the level dollar method, the amortization payment is one of a stream of payments, all equal, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the amortization payment is one of a stream of increasing payments, whose actuarial present value is equal to the unfunded actuarial accrued liability. Under the level percentage of pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.
Amortization payment	The portion of the pension plan contribution, or actuarially determined contribution, that is intended to pay off the unfunded actuarial accrued liability.

Appendix A: Definition of Pension Terms

Term	Definition
Assumptions or actuarial assumptions	<p>The estimates upon which the cost of the Plan is calculated, including:</p> <p>Investment return — the rate of investment yield that the Plan will earn over the long-term future;</p> <p>Mortality rates — the rate or probability of death at a given age for employees and retirees;</p> <p>Retirement rates — the rate or probability of retirement at a given age or service;</p> <p>Disability rates — the rate or probability of disability retirement at a given age;</p> <p>Withdrawal rates — the rate or probability at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement;</p> <p>Salary increase rates — the rates of salary increase due to inflation, real wage growth and merit and promotion increases.</p>
Closed amortization period	<p>A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 20 years, it is 19 years at the end of one year, 18 years at the end of two years, etc. See “open amortization period.”</p>
Decrements	<p>Those causes/events due to which a member’s status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or withdrawal.</p>
Defined benefit plan	<p>A retirement plan in which benefits are defined by a formula based on the member’s compensation, age and/or years of service.</p>
Defined contribution plan	<p>A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, the plan’s earnings are allocated to each account, and each member’s benefits are a direct function of the account balance.</p>
Employer normal cost	<p>The portion of the normal cost to be paid by the employer. This is equal to the normal cost less expected member contributions.</p>
Experience study	<p>A periodic review and analysis of the actual experience of the Plan that may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified based on recommendations from the Actuary.</p>
Funded ratio	<p>The ratio of the valuation value of assets to the actuarial accrued liability. Plans sometimes also calculate a market funded ratio, using the market value of assets, rather than the valuation value of assets.</p>
GASB 67 and GASB 68	<p>Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.</p>

Appendix A: Definition of Pension Terms

Term	Definition
Investment return	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next.
Negative amortization	Negative amortization is a result of an increase in the unfunded actuarial accrued liability when the amortization payment is less than the interest accrued on the unfunded actuarial accrued liability.
Net pension liability	The net pension liability is equal to the total pension liability minus the plan fiduciary net position.
Normal cost	The portion of the actuarial present value of future benefits and expenses, if applicable, allocated to a valuation year by the actuarial cost method. Any payment with respect to an unfunded actuarial accrued liability is not part of the normal cost (see “amortization payment”). For pension plan benefits that are provided in part by employee contributions, normal cost refers to the total of member contributions and employer normal cost unless otherwise specifically stated.
Open amortization period	An open amortization period is one which is used to determine the amortization payment but which does not change over time. If the initial period is set as 30 years, the same 30-year period is used in each future year in determining the amortization period.
Plan fiduciary net position	Market value of assets.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Total pension liability	The actuarial accrued liability under the entry age normal cost method and based on the blended discount rate as described in GASB 67 and 68.
Unfunded actuarial accrued liability	The excess of the actuarial accrued liability over the valuation value of assets. This value may be negative, in which case it may be expressed as a negative unfunded actuarial accrued liability, also called the funding surplus or an overfunded actuarial accrued liability.
Valuation date or actuarial valuation date	The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Benefits is determined. The expected benefits to be paid in the future are discounted to this date.
Valuation value of assets	The actuarial value of assets reduced by the value of non-valuation reserves.

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City of Los Angeles Fire and Police Pension Plan

**Actuarial Valuation and Review of Other
Postemployment Benefits (OPEB)
as of June 30, 2024**



This valuation report should only be copied, reproduced, or shared with other parties in its entirety as necessary for the proper administration of the Plan.

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November 20, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Actuarial Valuation of Other Postemployment Benefits (OPEB) Review as of June 30, 2024. It summarizes the actuarial data used in the valuation, analyzes the preceding year's experience, and establishes the Actuarially Determined Contributions (ADC) for fiscal year 2025-2026.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board, based upon information provided by Los Angeles Fire and Police Pensions (LAFPP).

Segal does not audit the data provided. The accuracy and comprehensiveness of the data is the responsibility of those supplying the data. To the extent we can, however, Segal does review the data for reasonableness and consistency. Based on our review of the data, we have no reason to doubt the substantial accuracy of the information on which we have based this report and we have no reason to believe there are facts or circumstances that would affect the validity of these results.

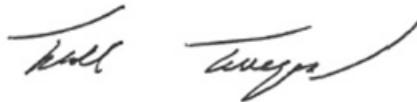
The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; and changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. The health care trend and other related medical assumptions have been reviewed by Mary Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of the Plan and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

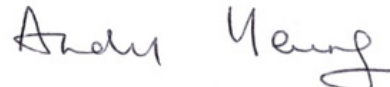
Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

We look forward to reviewing this report at your next meeting and to answering any questions.

Sincerely,
Segal



Todd Tauzer, FSA, CERA, FCA, MAAA
Senior Vice President and Actuary



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



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



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

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Section 1: Actuarial Valuation Summary

Purpose

This report presents the results of our actuarial valuation of retiree health benefits offered by the City of Los Angeles Fire and Police Pension Plan as of June 30, 2024 for funding purposes. The results of the valuation for financial reporting purposes consistent with Governmental Accounting Standards Board (GASB) Statement No. 74 are provided in a separate report.

Valuation highlights

1. On a valuation value of asset basis, the funded ratio has increased from 77.7% to 78.2% in this valuation. On a market value of asset basis, the funded ratio has increased from 77.8% to 80.0%. The unfunded actuarial accrued liability (UAAL) has increased from \$849 million to \$887 million on a valuation value of assets basis. The primary reason for the increase in the UAAL was an update to the trend assumptions to reflect the anticipated impact of the Inflation Reduction Act on the plan's 2025-2026 Medicare plan premiums and to reflect higher trend expectations for prescription drug costs and Part B premium reimbursements. The increase due to the updated trend assumptions was partially offset by investment gains due to a higher than expected return on the valuation value of assets (after smoothing)¹.

A reconciliation of the change in the UAAL is provided in Section 2, Subsection B on page 16.

2. The funded ratios for Harbor Port Police and Airport Police are over 100.0%. For the purposes of developing the employer rates at Harbor and Airport, we have taken the surplus in those plans and amortized them over 30 years under the Board's Actuarial Funding Policy in providing small UAAL rate credits (0.11%, or about \$22 thousand per year, and 0.60%, or about \$70 thousand per year, respectively) and used those to offset part of the employers' normal cost rates and administrative expenses.

¹ The smoothed investment return calculated for the OPEB Plan was 7.12%. This is lower than the 7.43% smoothed investment return calculated for the Retirement Plan. Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using smoothed actual investment income, investment expense and administrative expense, we sometimes could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

3. As we indicated in our June 30, 2023 valuation report for the Retirement Plan, there is a temporary reclassification of certain salary elements as non-pensionable from 2023-2024 to 2025-2026 by the City, Harbor and Airport. Under “RIP 2.0”, certain salary increases from 2023-2024 to 2025-2026 are temporarily classified as non-pensionable. Moreover, for the City, certain length of service pay elements for members with less than 20 years of service are also classified as non-pensionable salaries from 2023-2024 to 2026-2027 under the Length of Service Pay Program. We understand that members who retire or enter the DROP during the above periods will have their pension benefit calculated using the aforementioned salary increases and the length of service pay. For purposes of the Retirement Plan valuation, these “temporarily” reclassified non-pensionable salary elements will continue to be treated as pensionable for purposes of determining an active member’s benefits, after discussion with LAFPP, the City, Harbor and Airport.

For the June 30, 2024 valuation, LAFPP provided us with pay elements that are reported separately for pensionable salary, “temporarily” non-pensionable salary under RIP 2.0 and “temporarily” non-pensionable salary under the Length of Service Pay Program. Similar to the valuation for the Retirement Plan, we have developed the total normal cost and the UAAL rates in this valuation using all of the above salaries. The projected compensation shown in this report includes all of the above salaries.

4. The recommended beginning-of-year contribution rate has increased from 10.50% of payroll (\$186.0 million) to 10.65% of payroll (\$188.7 million). The increase in the recommended contribution rate since the prior valuation was mainly due to:
 - a. The new healthcare trend assumptions,
 - b. Partially offset by the investment gain (after smoothing).

A reconciliation of the employer’s beginning-of-year rate is provided in Section 2, Subsection E on page 22.

5. The employer contribution rates provided in this report have been developed assuming that they will be made by the City either (1) throughout the year (i.e. the City will pay contributions at the end of every pay period), (2) on July 15 or (3) the beginning of the year.
6. The total unrecognized net investment gain as of June 30, 2024 is \$692.1 million for the assets for Retirement and Health Subsidy Benefits, as compared to an unrecognized net investment gain of \$7.3 million¹ in the previous valuation. This net deferred gain of \$692.1 million will be recognized in the determination of the actuarial value of assets for funding purposes in the next few years as shown in Section 3, Exhibit H on page 45.

The net deferred investment gain of \$692.1 million represents about 2.2% of the market value of assets as of June 30, 2024. Unless offset by future investment losses, or other unfavorable experience, the recognition of the \$692.1 million market gains is expected to have an impact on the Health Plan’s future funded ratio and contribution rate requirements. This potential impact may be illustrated as follows:

¹ Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

Section 1: Actuarial Valuation Summary

- a. If the net deferred gain for the OPEB plan had been recognized immediately in the valuation value of assets, the funded percentage would increase from 78.20% to 79.96%. For comparison purposes, if the deferred gains in the June 30, 2023 valuation had been recognized immediately in the June 30, 2023 valuation, the funded percentage in that valuation would have been increased from 77.75% to 77.77%.
 - b. If the deferred gain for the OPEB plan was recognized immediately in the valuation value of assets, the aggregate employer rate (payable beginning of the fiscal year) would decrease from 10.65% to 10.37% of payroll. For comparison purposes, if the deferred gains in the June 30, 2023 valuation had been recognized immediately in the June 30, 2023 valuation, the aggregate employer rate (payable beginning of the fiscal year) would have remained level at 10.41% of payroll.
7. The actuarial valuation report as of June 30, 2024 is based on financial and demographic information as of that date. Changes subsequent to that date are not reflected and may impact the actuarial cost of the Plan.
8. As noted above, the GASB 74 report with a measurement date of June 30, 2024 for financial reporting purposes for the Plan is provided as a separate report.
9. The GASB 75 report with a measurement date of June 30, 2024 for financial reporting purposes for the employer (with a reporting date of June 30, 2025) will be provided in the first or second quarter of next year.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Results as of June 30

Line Description	2024	2023
Actuarially Determined Contribution (ADC) ¹		
• At the beginning of year	10.65%	10.50%
• On July 15	10.68%	10.53%
• At the end of each biweekly pay period	11.02%	10.86%
Actuarial Accrued Liability		
• Total Actuarial Accrued Liability	\$4,066,715,913	\$3,815,026,871
– Retired members and beneficiaries	\$2,306,705,772	\$2,089,472,202
– Inactive vested members	180,023,585	175,452,404
– Active members	1,579,986,556	1,550,102,265
• Normal Cost for plan year beginning June 30 ²	86,954,460	88,667,579
Assets		
• Market Value of OPEB Assets (MVA)	\$3,251,841,341	\$2,966,815,106
• Valuation Value of OPEB Assets (VVA)	3,180,163,716	2,966,078,413
• VVA as a percentage of Market Value of OPEB Assets	97.8%	100.0%
Funded Status		
• Unfunded Actuarial Accrued Liability on Market Value of Retirement Assets basis	\$814,874,572	\$848,211,765
• Funded percentage on MVA basis	79.96%	77.77%
• Unfunded Actuarial Accrued Liability on Valuation Value of Retirement Assets basis	\$886,552,197	\$848,948,458
• Funded percentage on VVA basis ³	78.20%	77.75%

¹ Rates as of June 30, 2023 are recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024. There is a change in the total aggregate rate determined in the June 30, 2023 valuation calculated using the 2023 projected payroll by tier compared to that total aggregate rate recalculated above using the 2024 projected payroll by tier as a result of new members entering Tier 6 and active members leaving the other Tiers.

² Normal Cost as of June 30, 2023 is recalculated to reflect payroll of active members enrolled in the various tiers as of June 30, 2024, as described above.

³ The funded ratios on an AVA basis excluding Harbor Port Police and Airport Police Officers are 78.00% and 77.55% as of June 30, 2024 and June 30, 2023, respectively.

Section 1: Actuarial Valuation Summary

Line Description	2024	2023
Key Assumptions		
• Net investment return	7.00%	7.00%
• Price Inflation	2.50%	2.50%
• Payroll growth	3.00%	3.00%
Demographic Data by Status		
• Number of retired members and beneficiaries	12,291	11,972
• Number of inactive members eligible for deferred benefits	984	1,017
• Number of active members	12,369	12,571
• Total projected compensation	\$1,771,168,166	\$1,698,778,328

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to the financing of future projected obligations of an OPEB plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for LAFPP to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a “perfect” result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	Part of the cost of a plan will be paid from existing assets — the balance will need to come from future contributions and investment income. The valuation is based on the asset values as of the valuation date, typically reported by the LAFPP. A snapshot as of a single date may not be an appropriate value for determining a single year's contribution requirement, especially in volatile markets. Plan sponsors often use an “actuarial value of assets” that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

Section 1: Actuarial Valuation Summary

Input Item	Description
Actuarial assumptions	<p>In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects claims, premiums, and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discount to a present value based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.</p>
Models	<p>Segal results are based on proprietary actuarial modeling software. The valuation models generate a comprehensive set of liability and cost calculations that are presented to meet actuarial standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuary.</p>

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of LAFPP. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. LAFPP should notify Segal immediately of any questions or concerns about the final content.

Section 1: Actuarial Valuation Summary

Actuarial Certification

November 20, 2024

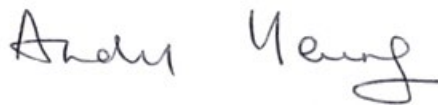
This is to certify that Segal has conducted an actuarial valuation of certain benefit obligations of the City of Los Angeles Fire and Police Pension Plan's other postemployment benefit (OPEB) program as of June 30, 2024, in accordance with generally accepted actuarial principles and practices.

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

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

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

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



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



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



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

Section 2: Actuarial Valuation Results

A. Actuarial present value of total projected benefits and actuarial balance sheet

The actuarial present value of total projected benefits uses the actuarial assumptions disclosed in Section 4 to calculate the value today of all benefits expected to be paid to current actives and retired plan members. The actuarial balance sheet shows the expected breakdown of how these benefits will be financed.

Actuarial Present Value of Total Projected Benefits (APB)

Participant Category	June 30, 2024	June 30, 2023
Current retirees, beneficiaries, and dependents	\$2,306,705,772	\$2,089,472,202
Current active members	2,591,085,072	2,498,178,258
Terminated members entitled but not yet eligible and retirees and beneficiaries with deferred health benefits	180,023,585	175,452,404
Actuarial present value of total projected benefits	\$5,077,814,429	\$4,763,102,864

Actuarial Balance Sheet

Type	June 30, 2024	June 30, 2023
Assets:		
1. Valuation value of assets	\$3,180,163,716	\$2,966,078,413
2. Present value of future normal costs	1,011,098,516	948,075,993
3. Unfunded actuarial accrued liability	886,552,197	848,948,458
4. Present value of current and future assets	\$5,077,814,429	\$4,763,102,864
Liabilities:		
5. Actuarial present value of total projected benefits	\$5,077,814,429	\$4,763,102,864

Section 2: Actuarial Valuation Results

B. Actuarial accrued liability (AAL) and unfunded AAL (UAAL)

The actuarial accrued liability shows that portion of the actuarial present value of total projected benefits allocated to periods prior to the valuation date by the actuarial cost method. The chart below shows the portion of the liability for active and inactive members, and reconciles the unfunded actuarial accrued liability from last year to this year.

Unfunded Actuarial Accrued Liability

Line Description	June 30, 2024	June 30, 2023
Participant Category		
Current retirees, beneficiaries, and dependents	\$2,306,705,772	\$2,089,472,202
Current active members	1,579,986,556	1,550,102,265
Terminated members entitled but not yet eligible; retirees and beneficiaries with deferred health benefits	180,023,585	175,452,404
Total actuarial accrued liability	\$4,066,715,913	\$3,815,026,871
Valuation value of assets	3,180,163,716	2,966,078,413
Unfunded actuarial accrued liability	\$886,552,197	\$848,948,458
Development of Unfunded Actuarial Accrued Liability for the Year Ended June 30, 2024		
1. Unfunded actuarial accrued liability at beginning of year		\$848,948,458
2. Normal cost and allocated administrative expenses from prior valuation		85,326,224
3. Expected employer contributions during 2023/2024 fiscal year		176,769,190
4. Interest on prior year UAAL, normal cost, administrative expenses, and contributions		53,025,384
5. Expected unfunded actuarial accrued liability (1 + 2 – 3 + 4)		\$810,530,876
6. Change due to investment experience (after smoothing)		(3,748,517)
7. Change due to actual contributions less than expected		14,151,798
8. Change due to updated 2024/2025 premium, subsidy levels ¹ , health plan elections, and aging factors		(2,473,614)
9. Change due to updated future trend assumptions		67,472,983
10. Change due to miscellaneous demographic experience ²		618,671
11. Total change (6 + 7 + 8 + 9 + 10)		76,021,321
12. Unfunded actuarial accrued liability as of June 30, 2024		\$886,552,197

¹ The decrease in UAAL due to the non-Medicare subsidy increasing by 3.30% instead of the assumed 7.00% was \$13,140,763.

² Other differences in actual versus expected experience including (but not limited to) retirement, mortality, disability and termination experiences.

Section 2: Actuarial Valuation Results

C. Table of amortization bases

Amortization payments are calculated as level dollar amounts for Tier 1 and as amounts designed to remain level as a percent of a growing payroll base for all other tiers. The Board of the City of Los Angeles Fire and Police Pension Plan has elected to amortize the unfunded actuarial accrued liability using the following amortization periods:

Type of Base	Amortization Period (Closed)
Actuarial gains or losses	20
Assumption or method changes from Triennial Experience Study	20
Retiree health assumption changes ¹	20
Plan amendments	15
ERIPs	5
Actuarial surplus	30

As part of the Board's review of the actuarial funding policy before the June 30, 2022 valuation, the Board decided to combine all the Tier 1 UAAL bases carried over from the June 30, 2021 valuation into a single base and amortize those over 14 years starting with the June 30, 2022 valuation. Furthermore, the Board decided to amortize the Plan's UAAL only by source (instead of the prior practice by source and by tier).

Beginning with the June 30, 2024 funding valuation, the annual contributions required to amortize the unfunded actuarial accrued liability will be determined consistent with the updated funding policy recently amended on August 1, 2024 to include an additional component when the plan gets into a surplus position for the City.

¹ Retiree health assumption changes are included with experience gains and losses in the funding valuation.

Section 2: Actuarial Valuation Results

Table of Amortization Bases for City¹

Type ²	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payment ³
Combined Base	06/30/2011 ⁴	\$1,645,865,584	25	\$1,548,286,288	12	\$157,734,383
Experience Gain	06/30/2012	(123,165,692)	20	(91,737,715)	8	(13,053,210)
Experience Loss	06/30/2013	26,238,498	20	20,758,035	9	2,673,195
Experience Gain	06/30/2014	(118,390,622)	20	(98,264,853)	10	(11,594,723)
Assumption Change	06/30/2014	61,261,787	25	60,709,553	15	5,213,432
Experience Loss	06/30/2015	23,344,752	20	20,174,739	11	2,202,929
Experience Gain	06/30/2016	(28,046,568)	20	(25,030,613)	12	(2,550,038)
Assumption Change	06/30/2017	211,126,953	20	193,250,968	13	18,494,974
Experience Gain	06/30/2017	(131,226,393)	20	(120,115,538)	13	(11,495,590)
Experience Loss	06/30/2018	47,737,813	20	44,726,586	14	4,044,644
Assumption Change	06/30/2019	53,376,179	20	50,933,064	15	4,373,876
Experience Gain	06/30/2019	(197,806,773)	20	(188,752,825)	15	(16,209,146)
Assumption Change	06/30/2020	120,297,055	20	116,403,786	16	9,533,860
Experience Gain	06/30/2020	(183,568,504)	20	(177,627,532)	16	(14,548,289)
Experience Gain	06/30/2021	(133,783,925)	20	(131,086,360)	17	(10,278,798)
Tier 1 UAAL ⁵	06/30/2021	12,306,600	14	10,744,699	12	1,264,279
Experience Gain	06/30/2022	(368,354,813)	20	(364,251,451)	18	(27,436,151)
Assumption change	06/30/2023	78,187,027	20	77,795,357	19	5,645,518
Experience Gain	06/30/2023	(135,232,953)	20	(134,555,517)	19	(9,764,537)
Experience Loss	06/30/2024	75,853,010	20	75,853,010	20	5,317,466
Subtotal				\$888,213,681		\$99,568,074

Note: Results may not total due to rounding.

¹ Excludes Harbor Port Police and Airport Police.

² Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).

³ Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

⁴ Prior to the June 30, 2012 valuation, separate amortization layers were not maintained.

⁵ The Tier 1 UAAL of \$12,306,600 as of June 30, 2021 was rolled forward to June 30, 2022 and amortized over a fixed 14-year period starting June 30, 2022.

Section 2: Actuarial Valuation Results

Table of Amortization Bases for Harbor Port Police

Type ¹	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payments ²
Actuarial Surplus ³	06/30/2024	(\$392,975)	30	(\$392,975)	30	(\$21,568)
Subtotal				(\$392,975)	30	(\$21,568)

Note: Results may not total due to rounding

Table of Amortization Bases for Airport Police

Type ¹	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payments ²
Actuarial Surplus ³	06/30/2024	(\$1,268,509)	30	(\$1,268,509)	30	(\$69,620)
Subtotal				(\$1,268,509)		(\$69,620)

Note: Results may not total due to rounding.

¹ Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).

² Level percentage of payroll amortization.

³ Consistent with LAFPP's funding policy, all prior UAAL layers are considered fully amortized due to surplus. The surplus for Harbor and Airport is amortized over a non-decreasing 30-year period.

Section 2: Actuarial Valuation Results

Table of Amortization Bases Total Plan

Type ¹	Date Established	Initial Balance	Initial Period	Outstanding Balance	Years Remaining	Annual Payments ²
Combined Base	06/30/2011	\$1,645,865,584	25	\$1,548,286,288	12	\$157,734,383
Experience Gain	06/30/2012	(123,165,692)	20	(91,737,715)	8	(13,053,210)
Experience Loss	06/30/2013	26,238,498	20	20,758,035	9	2,673,195
Experience Gain	06/30/2014	(118,390,622)	20	(98,264,853)	10	(11,594,723)
Assumption change	06/30/2014	61,261,787	25	60,709,553	15	5,213,432
Experience Loss	06/30/2015	23,344,752	20	20,174,739	11	2,202,929
Experience Gain	06/30/2016	(28,046,568)	20	(25,030,613)	12	(2,550,038)
Assumption change	06/30/2017	211,126,953	20	193,250,968	13	18,494,974
Experience Gain	06/30/2017	(131,226,393)	20	(120,115,538)	13	(11,495,590)
Experience Loss	06/30/2018	47,737,813	20	44,726,586	14	4,044,644
Assumption change	06/30/2019	53,376,179	20	50,933,064	15	4,373,876
Experience Gain	06/30/2019	(197,806,773)	20	(188,752,825)	15	(16,209,146)
Assumption Change	06/30/2020	120,297,055	20	116,403,786	16	9,533,860
Experience Gain	06/30/2020	(183,568,504)	20	(177,627,532)	16	(14,548,289)
Experience Gain	06/30/2021	(133,783,925)	20	(131,086,360)	17	(10,278,798)
Tier 1 UAAL	06/30/2021	12,306,600	14	10,744,699	12	1,264,279
Experience Gain	06/30/2022	(368,828,453)	20	(364,251,451)	18	(27,436,151)
Assumption change	06/30/2023	78,187,027	20	77,795,357	19	5,645,518
Experience Gain	06/30/2023	(135,232,953)	20	(134,555,517)	19	(9,764,537)
Harbor Surplus	06/30/2024	(392,975)	30	(392,975)	30	(21,568)
Airport Surplus	06/30/2024	(1,268,509)	30	(1,268,509)	30	(69,620)
Experience Loss	06/30/2024	75,853,010	20	75,853,010	20	5,317,466
Total				\$886,552,197		\$99,476,886

Note: Results may not total due to rounding.

¹ Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the experience study (e.g., health trend, per capita health costs).

² Level percentage of payroll amortization payable as of the beginning of the year, except for Tier 1 UAAL which is expressed as a level dollar amortization payable as of the beginning of the year.

Section 2: Actuarial Valuation Results

D. Development of actuarially determined contribution (ADC)

Actuarially Determined Contribution (ADC) is the amount calculated to determine the annual cost of the OPEB plan for funding purposes on an accrual basis. The calculation consists of adding the Normal Cost of the plan to an amortization payment and a payment for administrative expenses separately for each Tier. They are determined as of the start of the period and adjusted as if the annual cost were to be contributed throughout the fiscal year or on July 15th.

ADC

Items	Amount as of June 30, 2024	Percentage of Compensation	Amount as of June 30, 2023	Percentage of Compensation
1. Normal Cost	\$86,954,460	4.90%	\$83,191,273	4.90%
2. Amortization of the unfunded actuarial accrued liability	99,476,886	5.62%	91,442,966	5.38%
3. Allocated amount for administrative expenses	2,225,929	0.13%	2,134,951	0.13%
4. Total actuarially determined contribution at beginning of year	\$188,657,275	10.65%	\$176,769,190	10.41%
5. Adjustment for timing (payable July 15)	532,596	0.03%	499,035	0.03%
6. Total actuarially determined contribution (payable July 15)	\$189,189,871	10.68%	\$177,268,225	10.44%
7. Adjustment for timing (payable throughout the year)	6,491,328	0.37%	6,082,282	0.35%
8. Total actuarially determined contribution (payable throughout the year)	\$195,148,603	11.02%	\$182,851,472	10.76%
9. Projected Compensation	\$1,771,168,166		\$1,698,778,328	

Section 2: Actuarial Valuation Results

E. Reconciliation of recommended contribution¹

The chart below details the changes in the ADC from the prior valuation to the current year.

	Adjustments From June 30, 2023 to June 30, 2024	Percentage
1. Recommended Contribution as of June 30, 2023		10.50%
2. Effect of larger than expected projected compensation		(0.13%)
3. Change due to investment gain (after smoothing)		(0.01%)
4. Change due to actual contributions less than expected		0.05%
5. Change due to updated 2024/2025 premiums, underlying claims estimates, subsidy levels ² , and health plan elections		(0.06%)
6. Change due to updated future trend assumptions		0.36%
7. Change due to miscellaneous demographic experience ³		(0.06%)
8. Total change		0.15%
9. Recommended Contribution as of June 30, 2024		10.65%

¹ Based on contributions at beginning of year.

² Decrease in contribution rate due to non-Medicare subsidy increasing by 3.30% instead of assumed 7.00% was 0.08%.

³ The impact of the demographic experience produced a small loss on the UAAL but lowered the ADC rate due to the role of the normal cost on the ADC. The demographic experience produced a lower normal cost rate than expected, mainly for the Tier 6 employees.

Section 2: Actuarial Valuation Results

F. Schedule of employer contributions

Fiscal Year Ended June 30	Actuarially Determined Contributions ¹	Actual Contributions ¹	Percentage Contributed
2015	\$148,476,512	\$148,476,512	100.00%
2016	150,315,374	150,315,374	100.00%
2017	165,170,422	165,170,422	100.00%
2018	178,462,244 ²	178,462,244 ²	100.00%
2019	188,019,917	188,019,917	100.00%
2020	193,213,520	193,213,520	100.00%
2021	200,424,568	200,424,568	100.00%
2022	193,139,555	193,139,555	100.00%
2023	186,418,480	186,418,480	100.00%
2024	164,560,300	164,560,300	100.00%

This schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

¹ Payable as of July 15.

² Excludes \$517,068 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Section 2: Actuarial Valuation Results

G. Schedule of funding progress

(Amounts shown are in \$1,000s)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
06/30/2015	\$1,344,333	\$2,962,703	\$1,618,370	45.38%	\$1,405,171	115.17%
06/30/2016	1,480,810	3,079,670	1,598,860	48.08%	1,400,808	114.14%
06/30/2017	1,637,846	3,322,746	1,684,900	49.29%	1,475,539	114.19%
06/30/2018	1,819,359	3,547,777	1,728,417	51.28%	1,546,043	111.80%
06/30/2019	2,016,202	3,590,023	1,573,821	56.16%	1,583,808	99.37%
06/30/2020	2,214,552	3,709,858	1,495,307	59.69%	1,670,245	89.53%
06/30/2021	2,455,726	3,793,174	1,337,448	64.74%	1,684,785	79.38%
06/30/2022	2,710,079	3,649,332	939,253	74.26%	1,664,318	56.43%
06/30/2023	2,966,078	3,815,027	848,948	77.75%	1,698,778	49.97%
06/30/2024	3,180,164	4,066,716	886,552	78.20%	1,771,168	50.05%

Section 3: Supplemental Information

Exhibit A: Summary of participant data

Retiree Health Actuarial Valuation

Participants	June 30, 2024	June 30, 2023
Retired Members		
Number of non-disabled retirees	9,568	9,186
Number of disabled retirees	1,031	1,074
Total Number of Retirees	10,599	10,260
Average age of retirees	71.2	71.3
Number of spouses/domestic partners of retirees receiving subsidy	6,992	6,781
Average age of spouses/domestic partners of retirees receiving subsidy	67.7	67.8
Beneficiaries		
Number	1,692	1,712
Average age	80.5	80.1
Active Members in Valuation		
Number	12,369	12,571
Average age	41.9	42.1
Average years of service	14.7	15.0
Vested Terminated Members		
Number		
• Eligible for deferred pension and health benefits	20	39
• Retirees and beneficiaries not in pay status but eligible for deferred health benefits	964	978
Total Number of Vested Terminated Members	984	1,017
Average age	50.7	50.7

Section 3: Supplemental Information

Pension Actuarial Valuation

Participants	June 30, 2024	June 30, 2023
Retired Members		
Number of non-disabled retirees	10,379	10,018
Number of disabled retirees	1,545	1,598
Total Number of Retirees	11,924	11,616
Average age of retirees	70.1	70.2
Beneficiaries		
Number	2,499	2,515
Average age	76.1	75.8
Active Members in Valuation		
Number	12,369	12,571
Average age	41.8	42.1
Average years of service	14.7	15.0
Vested Terminated Members¹		
Number	20	39
Average age	47.8	48.4

¹ Excludes 808 in 2024 and 737 in 2023 of terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.

Section 3: Supplemental Information

Exhibit B: Reconciliation of retiree health participant data with pension participant data

Participants	June 30, 2024	June 30, 2023
Retired Members		
Pension valuation	10,379	10,018
Retirees with no subsidy due to service or decision not to enroll	-191	-194
Deferred retirees eligible for future health benefits	-620	-638
Health valuation	9,568	9,186
Disabled Members		
Pension valuation	1,545	1,598
Disableds with no subsidy due to service or decision not to enroll	-373	-386
Deferred disableds eligible for future health benefits	-141	-138
Health valuation	1,031	1,074
Beneficiaries		
Pension valuation	2,499	2,515
Surviving spouses with no subsidy due to service or decision not to enroll	-604	-601
Deferred surviving spouses eligible for future health benefits	-203	-202
Health valuation	1,692	1,712
Active Members		
Pension valuation	12,369	12,571
Health valuation	12,369	12,571
Vested Terminated Members¹		
Pension valuation	20	39
Retirees eligible for deferred health benefits	+620	+638
Disableds eligible for deferred health benefits	+141	+138
Beneficiaries eligible for deferred health benefits	+203	+202
Health valuation	984	1,017

¹ Excludes 808 in 2024 and 737 in 2023 of terminated members not eligible for retiree health benefit due to service or due only a refund of member contributions.

Section 3: Supplemental Information

Exhibit C: Recommended employer contribution rates

Tier 1 Members – City

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023	% of Payroll
1. Employer Normal Cost	\$0	N/A	\$0	N/A
2. Actuarial Accrued Liability	5,511,963		5,629,666	
3. Payment on Unfunded Actuarial Accrued Liability ¹	0	5.72%	0	5.47%
4. Payment for administrative expenses	0	0.13%	0	0.13%
5. Projected compensation	0		0	
6. Total recommended contribution² : (1 + 3 + 4)	\$0	5.85%	\$0	5.60%
7. Total recommended contribution, July 15	\$0	5.87%	\$0	5.62%
8. Total recommended contribution, biweekly	\$0	6.05%	\$0	5.79%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

² As part of the May 19, 2022 amendment to the funding policy, the UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier. As Tier 1 has no active members, the Normal Cost and UAAL amortization payment for Tier 1 is \$0.

Section 3: Supplemental Information

Tier 2 Members – City

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$12,720	2.64%	\$12,574	2.61%
2. Actuarial Accrued Liability	599,801,137		601,425,045	
3. Payment on Unfunded Actuarial Accrued Liability ²	27,578	5.72%	26,351	5.47%
4. Payment for administrative expenses	605	0.13%	626	0.13%
5. Projected compensation	\$481,744		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$40,903	8.49%	\$39,551	8.21%
7. Total recommended contribution, July 15	\$41,018	8.51%	\$39,663	8.23%
8. Total recommended contribution, biweekly	\$42,310	8.78%	\$40,912	8.49%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

Section 3: Supplemental Information

Tier 3 Members – City

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$2,201,841	4.27%	\$2,224,402	4.31%
2. Actuarial Accrued Liability	274,271,379		255,500,249	
3. Payment on Unfunded Actuarial Accrued Liability ²	2,954,521	5.72%	2,823,082	5.47%
4. Payment for administrative expenses	64,862	0.13%	67,093	0.13%
5. Projected compensation	\$51,610,266		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$5,221,224	10.12%	\$5,114,577	9.91%
7. Total recommended contribution, July 15	\$5,235,964	10.15%	\$5,129,016	9.94%
8. Total recommended contribution, biweekly	\$5,400,876	10.46%	\$5,290,560	10.25%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

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Tier 4 Members – City

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$1,018,439	4.26%	\$1,037,900	4.34%
2. Actuarial Accrued Liability	128,410,420		120,081,970	
3. Payment on Unfunded Actuarial Accrued Liability ²	1,369,042	5.72%	1,308,136	5.47%
4. Payment for administrative expenses	30,055	0.13%	31,089	0.13%
5. Projected compensation	\$23,914,742		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$2,417,536	10.11%	\$2,377,125	9.94%
7. Total recommended contribution, July 15	\$2,424,361	10.14%	\$2,383,836	9.96%
8. Total recommended contribution, biweekly	\$2,500,719	10.46%	\$2,458,917	10.28%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

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Tier 5 Members – City¹

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ²	% of Payroll
1. Employer Normal Cost	\$41,569,822	3.99%	\$42,075,844	4.04%
2. Actuarial Accrued Liability	2,808,539,002		2,633,902,107	
3. Payment on Unfunded Actuarial Accrued Liability ³	59,621,444	5.72%	56,969,027	5.47%
4. Payment for administrative expenses	1,308,889	0.13%	1,353,926	0.13%
5. Projected compensation	\$1,041,481,294		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$102,500,155	9.84%	\$100,398,797	9.64%
7. Total recommended contribution, July 15	\$102,789,522	9.87%	\$100,682,232	9.66%
8. Total recommended contribution, biweekly	\$106,026,985	10.18%	\$103,853,323	9.97%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police.

² Amounts are revised to reflect payroll as of June 30, 2024.

³ UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

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Tier 6 Members – City¹

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ²	% of Payroll
1. Employer Normal Cost	\$40,220,653	6.47%	\$41,224,697	6.63%
2. Actuarial Accrued Liability	221,307,281		173,489,376	
3. Payment on Unfunded Actuarial Accrued Liability ³	35,595,489	5.72%	34,011,929	5.47%
4. Payment for administrative expenses	781,440	0.13%	808,327	0.13%
5. Projected compensation	\$621,790,299		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$76,597,582	12.32%	\$76,044,953	12.23%
7. Total recommended contribution, July 15	\$76,813,824	12.35%	\$76,259,635	12.27%
8. Total recommended contribution, biweekly	\$79,233,155	12.74%	\$78,661,511	12.66%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police and Airport Police.

² Amounts are revised to reflect payroll as of June 30, 2024.

³ UAAL rate is calculated using the City's total UAAL payment of \$99,568,074 and total payroll of \$1,739,278,345.

Section 3: Supplemental Information

All Tiers Combined – City¹

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ²	% of Payroll
1. Employer Normal Cost	\$85,023,475	4.89%	\$86,575,417	4.98%
2. Actuarial Accrued Liability	4,037,841,182		3,790,028,413	
3. Valuation Value of Assets	<u>3,149,627,501</u>		<u>2,939,270,560</u>	
4. Unfunded Actuarial Accrued Liability: (2 – 3)	\$888,213,681		\$850,757,853	
5. Payment on Unfunded Actuarial Accrued Liability	99,568,074	5.72%	95,138,525	5.47%
6. Payment for administrative expenses	2,185,851	0.13%	2,261,061	0.13%
7. Projected compensation	\$1,739,278,345		N/A	
8. Total recommended contribution : (1 + 5 + 6)	\$186,777,400	10.74%	\$183,975,003	10.58%
9. Total recommended contribution, July 15	\$187,304,689	10.77%	\$184,494,382	10.61%
10. Total recommended contribution, biweekly	\$193,204,045	11.11%	\$190,305,223	10.94%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Excludes Harbor Port Police and Airport Police.

² Amounts are revised to reflect payroll as of June 30, 2024.

Section 3: Supplemental Information

Tier 5 Members – Harbor Port Police

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$754,723	5.09%	\$832,004	5.61%
2. Actuarial Accrued Liability	21,944,103		19,739,772	
3. Payment on Unfunded Actuarial Accrued Liability ²	(15,811)	(0.11%)	(32,628)	(0.22%)
4. Payment for administrative expenses	18,639	0.13%	19,280	0.13%
5. Projected compensation	\$14,830,729		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$757,551	5.11%	\$818,656	5.52%
7. Total recommended contribution, July 15	\$759,690	5.12%	\$820,967	5.54%
8. Total recommended contribution, biweekly	\$783,617	5.28%	\$846,824	5.71%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment of (\$21,568) and total payroll of \$20,231,053.

Section 3: Supplemental Information

Tier 6 Members – Harbor Port Police

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$315,099	5.83%	\$332,120	6.15%
2. Actuarial Accrued Liability	1,606,245		1,294,192	
3. Payment on Unfunded Actuarial Accrued Liability ²	(5,757)	(0.11%)	(11,881)	(0.22%)
4. Payment for administrative expenses	6,787	0.13%	7,020	0.13%
5. Projected compensation	\$5,400,324		N/A	
6. Total recommended contribution : (1 + 3 + 4)	\$316,129	5.85%	\$327,259	6.06%
7. Total recommended contribution, July 15	\$317,021	5.87%	\$328,183	6.07%
8. Total recommended contribution, biweekly	\$327,006	6.06%	\$338,519	6.27%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

² UAAL rate is calculated using the Harbor Port Police's total UAAL or (Surplus) payment of (\$21,568) and total payroll of \$20,231,053.

Section 3: Supplemental Information

All Tiers Combined – Harbor Port Police

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$1,069,822	5.29%	\$1,164,124	5.75%
2. Actuarial Accrued Liability	23,550,348		21,033,964	
3. Valuation Value of Assets	<u>23,943,323</u>		<u>21,701,446</u>	
4. Unfunded Actuarial Accrued Liability: (2 – 3)	(\$392,975)		(\$667,482)	
5. Payment on Unfunded Actuarial Accrued Liability	(21,568)	(0.11%)	(44,509)	(0.22%)
6. Payment for administrative expenses	25,426	0.13%	26,300	0.13%
7. Projected compensation	\$20,231,053		N/A	
8. Total recommended contribution : (1 + 5 + 6)	\$1,073,680	5.31%	\$1,145,915	5.66%
9. Total recommended contribution, July 15	\$1,076,711	5.32%	\$1,149,150	5.68%
10. Total recommended contribution, biweekly	\$1,110,623	5.49%	\$1,185,343	5.86%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

Section 3: Supplemental Information

Tier 6 Members – Airport Police

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$861,163	7.38%	\$928,038	7.96%
2. Actuarial Accrued Liability	5,324,383		3,964,494	
3. Valuation Value of Assets	<u>6,592,892</u>		<u>5,106,407</u>	
4. Unfunded Actuarial Accrued Liability: (2 – 3)	(\$1,268,509)		(\$1,141,913)	
5. Payment on Unfunded Actuarial Accrued Liability	(69,620)	(0.60%)	(75,782)	(0.65%)
6. Payment for administrative expenses	14,652	0.13%	15,156	0.13%
7. Projected compensation	\$11,658,768		N/A	
8. Total recommended contribution : (1 + 5 + 6)	\$806,195	6.91%	\$867,412	7.44%
9. Total recommended contribution, July 15	\$808,471	6.93%	\$869,861	7.46%
10. Total recommended contribution, biweekly	\$833,935	7.15%	\$897,258	7.70%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

Section 3: Supplemental Information

All Tiers Combined

Line Description	Amount as of June 30, 2024	% of Payroll	Amount as of June 30, 2023 ¹	% of Payroll
1. Employer Normal Cost	\$86,954,460	4.90%	\$88,667,579	5.01%
2. Actuarial Accrued Liability	4,066,715,913		3,815,026,871	
3. Valuation Value of Assets	<u>3,180,163,716</u>		<u>2,966,078,413</u>	
4. Unfunded Actuarial Accrued Liability: (2 – 3)	\$886,552,197		\$848,948,458	
5. Payment on Unfunded Actuarial Accrued Liability	99,476,886	5.62%	95,018,234	5.36%
6. Payment for administrative expenses	2,225,929	0.13%	2,302,517	0.13%
7. Projected compensation	\$1,771,168,166		N/A	
8. Total recommended contribution : (1 + 5 + 6)	\$188,657,275	10.65%	\$185,988,330	10.50%
9. Total recommended contribution, July 15	\$189,189,871	10.68%	\$186,513,393	10.53%
10. Total recommended contribution, biweekly	\$195,148,603	11.02%	\$192,387,824	10.86%

Note: Contributions are payable at the beginning of the year, unless otherwise noted.

¹ Amounts are revised to reflect payroll as of June 30, 2024.

Section 3: Supplemental Information

Exhibit D: Cash flow projections

The ADC generally exceeds the current pay-as-you-go (“paygo”) cost of an OPEB plan. Over time the paygo cost will tend to grow and may even eventually exceed the ADC in a well-funded plan. The following table projects the paygo cost as the projected payment over the next ten years.

Projected Number of Retirees¹ and Benefit Payments

Year Ending June 30	Current Retirees	Future Retirees	Total Retirees	Current Benefit Payments	Future Benefit Payments	Total Benefit Payments
2025	19,283	317	19,600	\$169,507,062	\$3,338,154	\$172,845,216
2026	19,280	1,155	20,435	173,269,791	13,232,133	186,501,924
2027	18,751	2,061	20,812	176,975,364	24,892,544	201,867,908
2028	18,211	3,256	21,467	179,797,680	41,611,096	221,408,776
2029	17,660	4,217	21,877	181,181,521	56,606,613	237,788,134
2030	17,097	4,767	21,864	182,241,085	67,062,545	249,303,630
2031	16,525	5,293	21,818	182,532,008	77,927,704	260,459,712
2032	15,943	5,817	21,760	182,274,975	89,211,266	271,486,241
2033	15,356	6,377	21,733	180,817,599	101,162,293	281,979,892
2034	14,760	6,929	21,689	179,923,468	113,286,717	293,210,185

¹ Includes spouses/domestic partners of retirees.

Section 3: Supplemental Information

Exhibit E: Summary of income and expenses on a market value basis

All Assets for Retirement and Health Subsidy Benefits for Years Ended June 30

Line Description	2024	2023
Contribution income		
• Employer contributions	\$645,370,110	\$668,242,775
• Member contributions	157,191,117	151,934,789
– Net contribution income	\$802,561,227	\$820,177,564
Investment income		
• Investment, dividends and other income	\$1,831,717,990	\$789,981,816
• Recognition of capital appreciation ¹	1,188,335,625	1,480,816,592
• Less investment fees	(170,563,539)	(135,571,247)
– Net investment income	\$2,849,490,076	\$2,135,227,161
Total income available for benefits	\$3,652,051,303	\$2,955,404,725
Benefit payments		
• Less benefit payments	\$(1,629,510,110)	\$(1,506,383,087)
• Less administrative expenses	(26,768,636)	(25,565,614)
– Net benefit payments	\$(1,656,278,746)	\$(1,531,948,701)
Change in market value of assets	\$1,995,772,557	\$1,423,456,024
Net assets at market value at the beginning of the year¹	\$29,404,114,673	\$27,980,658,649
Net assets at market value at the end of the year	\$31,399,887,230	\$29,404,114,673

Note: Results may not total due to rounding.

¹ As part of the June 30, 2023 valuation, we received restated July 1, 2022 assets (\$27,980,660,619) that reflects an increase in assets of \$1,970. We have not restated the beginning of year assets for the 2022-2023 Plan Year, instead the increase of \$1,970 is included as part of the recognition of capital appreciation for 2022-2023.

Section 3: Supplemental Information

Exhibit F: Summary of plan assets

Statement of All Assets for Retirement and Health Subsidy Benefits as of June 30

Line Description	2024	2023
Cash equivalents	\$6,926,807	\$7,966,475
Accounts receivable		
• Accrued interest and dividends	\$136,195,948	\$120,421,293
• Employer contributions	6,045,754	5,869,834
• Due from brokers	698,216,333	609,322,670
– Total accounts receivable	\$840,458,034	\$735,613,798
Investments		
• Equities	\$17,385,549,451	\$16,455,439,703
• Fixed income investments	12,795,671,427	11,714,937,012
• Real assets	1,760,405,743	1,754,501,632
– Total investments at market value	\$31,941,626,622	\$29,924,878,348
Total assets	\$32,789,011,463	\$30,668,458,621
Accounts payable		
• Accounts payable and other liabilities	\$(22,823,390)	\$(45,439,827)
• Due to brokers	(1,192,375,516)	(1,031,395,175)
• Mortgage payable	(173,673,622)	(186,991,284)
– Total accounts payable	\$(1,388,872,528)	\$(1,263,826,287)
• Deferred inflows of resources	(251,705)	(517,661)
Net assets at market value	\$31,399,887,230	\$29,404,114,673
Net assets at actuarial value	\$30,707,765,722	\$29,396,813,303
Net assets at valuation value¹	\$3,180,163,716	\$2,966,078,413

Note: Results may not total due to rounding.

¹ Assets for health subsidy only.

Section 3: Supplemental Information

Exhibit G: Development of the Plan through June 30, 2024

All Assets for Retirement and Health Subsidy Benefits

Year Ended June 30	Employer Contributions	Member Contributions	Administrative Expenses	Net Investment Return ¹	Benefit Payments	Market Value of Assets at Year End	Actuarial Value of Assets at Year End	Actuarial Value as a Percent of Market Value
2015	\$628,808,763	\$126,770,882	\$19,178,885	\$739,009,040	\$1,029,319,785	\$18,737,100,702	\$18,114,393,332	96.7%
2016	628,700,812	129,733,559	20,897,310	172,083,839	1,107,041,622	18,539,679,980	19,126,148,372	103.2%
2017	619,479,274	128,900,736	22,563,327	2,449,549,638	1,052,639,705	20,662,406,596	20,317,066,949	98.3%
2018	639,945,905	146,282,682	21,654,037	2,058,910,553	1,125,521,496	22,360,370,203	21,659,429,558	96.9%
2019	692,897,316	147,752,497	22,099,870	1,329,326,557	1,208,330,043	23,299,916,660	23,053,912,894	98.9%
2020	709,851,573	153,786,863	22,667,875	664,345,444	1,264,851,830	23,540,380,835	24,321,274,165	103.3%
2021	744,243,315	157,785,911	23,513,284	7,670,538,754	1,338,818,015	30,750,617,516	26,145,074,797	85.0%
2022	728,589,957	149,243,422	24,441,834	(2,231,147,283)	1,392,203,129	27,980,658,649	27,856,866,716	99.6%
2023	668,242,775	151,934,789	25,565,614	2,135,227,161	1,506,383,087	29,404,114,673	29,396,813,303	100.0%
2024	645,370,110	157,191,117	26,768,636	2,849,490,076	1,629,510,110	31,399,887,230	30,707,765,722	97.8%

¹ Net of investment fees.

Section 3: Supplemental Information

Exhibit H: Determination of actuarial value of assets

It is desirable to have level and predictable plan costs from one year to the next. For this reason, the Board of Commissioners has approved an asset valuation method that gradually adjusts to market value. Under this valuation method, the full value of market fluctuations is not recognized in a single year and, as a result, the asset value and the plan costs are more stable.

The amount of the adjustment to recognize market value is treated as income, which may be positive or negative. Realized and unrealized gains and losses are treated equally and, therefore, the sale of assets has no immediate effect on the actuarial value.

The chart shows the determination of the actuarial value of assets as of the valuation date.

Section 3: Supplemental Information

Determination of Actuarial and Valuation Value of Assets for Year Ended June 30, 2024

Items	Actual Return ¹	Expected Return	Investment Gain/(Loss)	Percent Deferred	Amount
1. Market Value of Assets (for Retirement and Health Subsidy Benefits)					\$31,399,887,230
2. Calculation of unrecognized return ¹					
a. Year ended June 30, 2019	\$1,329,326,557	\$1,630,021,712	\$(300,695,155)		
b. Year ended June 30, 2020	664,345,444	1,697,466,038	(1,033,120,594)		
c. Year ended June 30, 2021	7,670,538,754	1,655,593,892	6,014,944,862		
d. Year ended June 30, 2022	(2,231,147,283)	2,157,060,415	(4,388,207,698)		
e. Year ended June 30, 2023	2,135,227,161	1,955,173,571	180,053,590	5/6	6,084,475 ²
f. Year ended June 30, 2024	2,849,490,076	2,049,113,538	800,376,538	6/7	686,037,033
g. Total deferred return³					\$692,121,508
3. Preliminary Actuarial Value of Assets: 1 – 2g					\$30,707,765,722
4. Adjustment to be within 40% corridor					0
5. Final Actuarial Value of Assets: 3 + 4					\$30,707,765,722
6. Ratio of actuarial to market value:					97.8%
Calculation of Health Subsidy assets					
7. Market Value of Health Assets:					\$3,251,841,341
8. Valuation Value of Health Assets: (5 ÷ 1) x 7					\$3,180,163,716

¹ Total return minus expected return on a market value basis. Both actual and expected returns on market value have been adjusted to exclude administrative expense paid during the plan year.

² Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

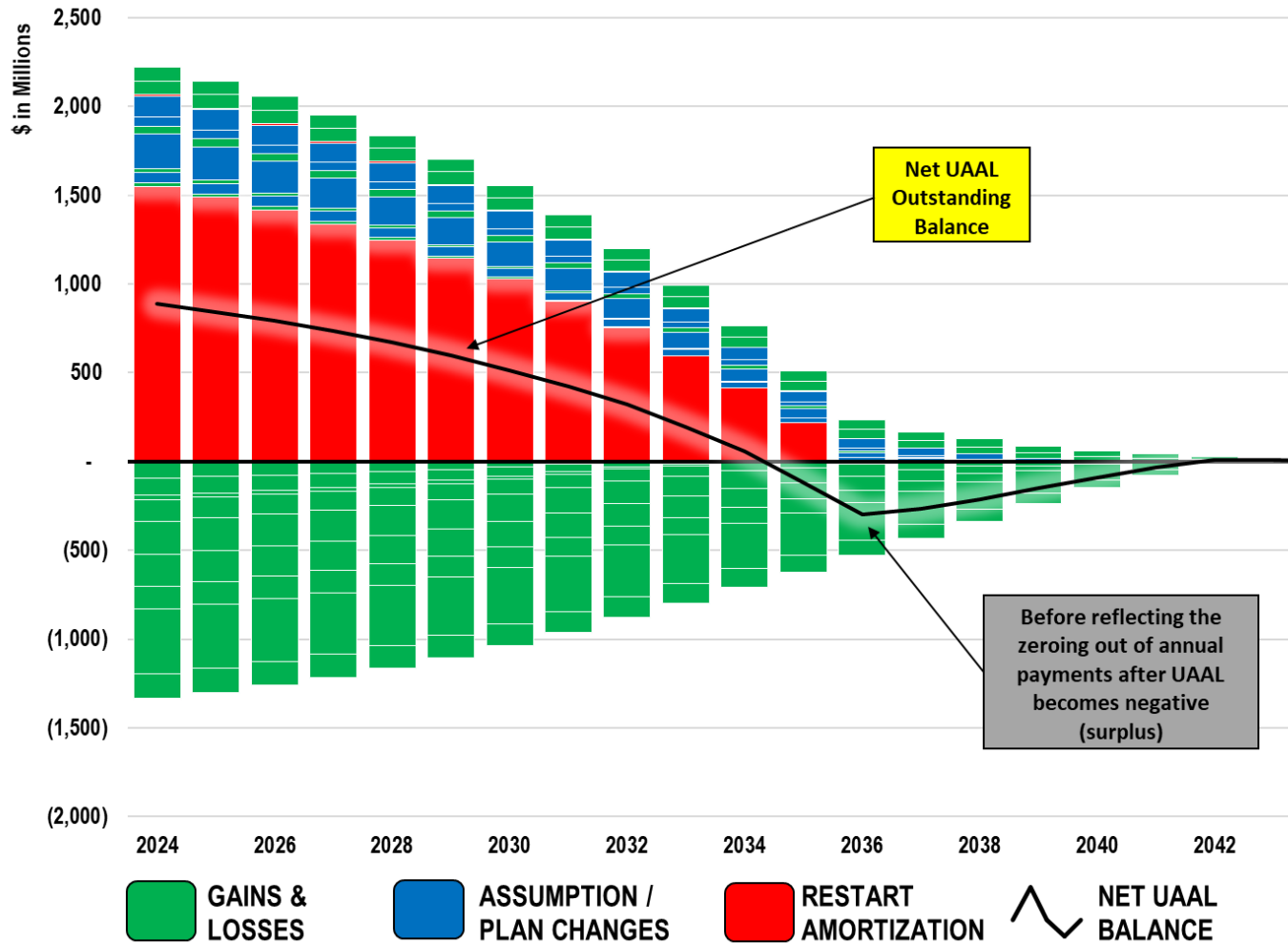
³ Deferred return as of June 30, 2024 recognized in each of the next six years (for Retirement and Health Subsidy Benefits):

a. Amount recognized on June 30, 2025	\$115,556,400	d. Amount recognized on June 30, 2028	\$115,556,400
b. Amount recognized on June 30, 2026	115,556,400	e. Amount recognized on June 30, 2029	115,556,400
c. Amount recognized on June 30, 2027	115,556,400	f. Amount recognized on June 30, 2030	114,339,508
		g. Total unrecognized return as of June 30, 2024	\$642,121,508

Section 3: Supplemental Information

Exhibit I: Projection of UAAL Balances and Payments

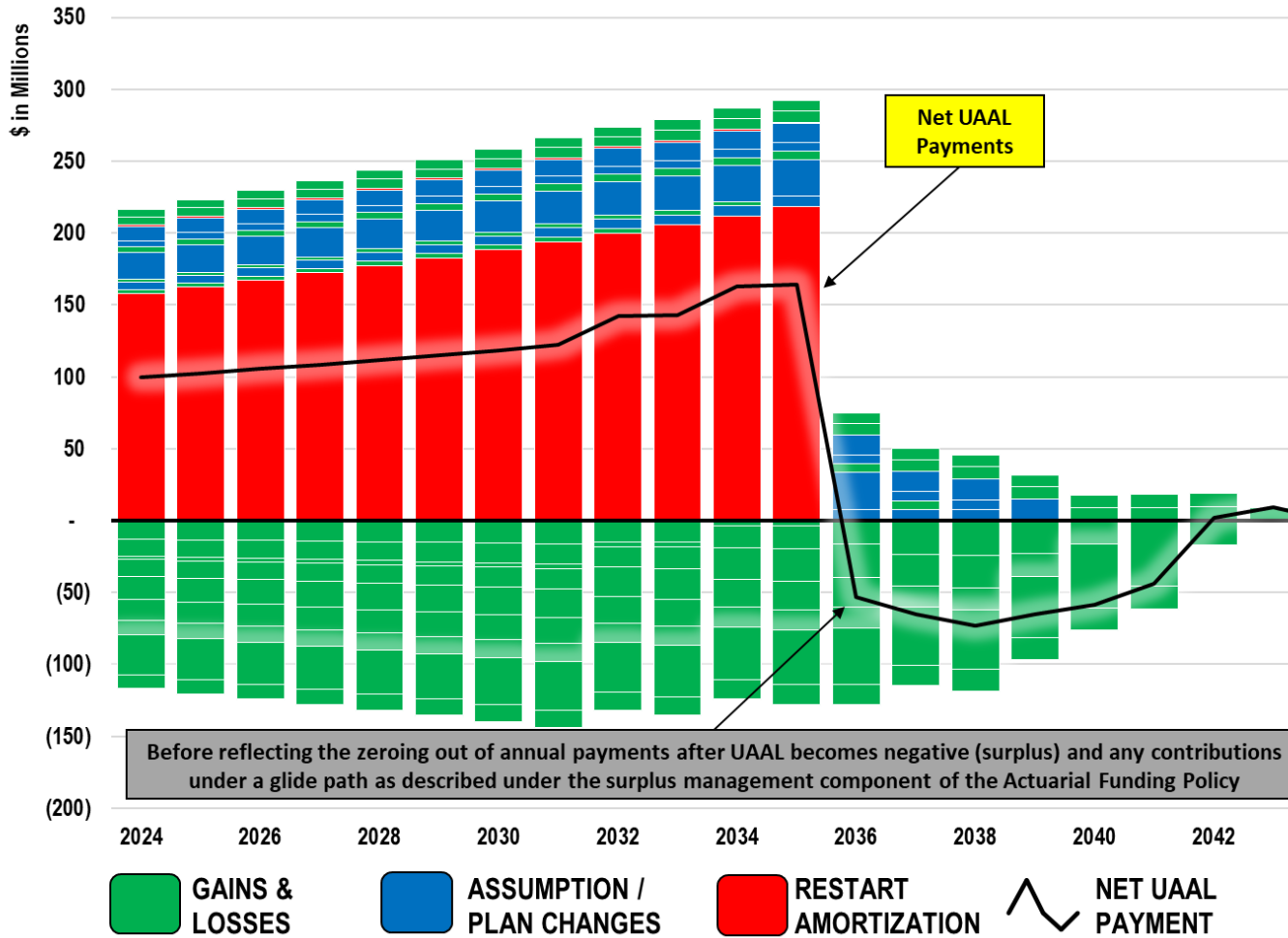
Outstanding Balance of \$887 Million in Net UAAL as of June 30, 2024¹



¹ Note: Experience gain and loss layers include changes in retiree health assumptions other than those recommended in the triennial experience study.

Section 3: Supplemental Information

Annual Payments Required to Amortize \$887 Million in Net UAAL as of June 30, 2024



Section 4: Actuarial Valuation Basis

Exhibit 1: Summary of Supplementary Information

Valuation date

June 30, 2024

Actuarial funding policy

Actuarial cost method

Entry age normal, level percent of pay

Amortization method

Closed amortization periods. Amortization payments are calculated as level dollar amounts for Tier 1 UAAL as of June 30, 2021 and as amounts designed to remain level as a percent of a growing payroll base for all other changes in UAAL.

On August 1, 2024, the Board amended the following amortization policy. The components of that policy are as follows:

Table of Amortization Bases

Type of Base	Amortization Period
Actuarial gains or losses	20 (Closed)
Assumption or method changes from Triennial Experience Study	20 (Closed)
Retiree health assumption changes ¹	20 (Closed)
Plan amendments	15 (Closed)
ERIPs	5 (Closed)
Actuarial surplus	30 ² (Open)

¹ Retiree health assumption changes other than those recommended in the triennial experience study are included with experience gains and losses in the funding valuation.

² For the City, any actuarial surplus is amortized subject to the constraints under the surplus management component of the Actuarial Funding Policy.

Section 4: Actuarial Valuation Basis

The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all Tiers, and divided by the total covered payroll for the respective employer. The UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier.

Surplus management policy

Upon the City becoming fully funded, the City UAAL contribution rate that was determined in the previous valuation may be phased-out linearly to 0.00% over a glide path of a certain number of years. The City's UAAL contribution rates during the glide path period would continue to be determined by the glide path unless the Plan became less than 100% funded, in which case the UAAL contribution rate would be set equal to the greater of the contribution rate determined using the glide path or the contribution rate required to amortize the UAAL in that valuation. To maintain a smooth glide path, during the phase-out period, the total of the City's normal cost and UAAL contribution rates projected from the prior valuation to the current valuation with the phased-out UAAL rate anticipated under the glide path will be charged unless such total is less than the City's total contribution rates determined in the current valuation without regard to the glide path. Any time after the completion of the glide path, the amount of the actuarial value of assets that is over 110% of the actuarial accrued liability shall be amortized over 30 years to provide a partial credit to the normal cost.

Asset valuation method

Market Value of Assets (MVA) less unrecognized returns. Unrecognized returns are equal to the difference between the actual market return and the expected return on the market value, and are recognized over a seven-year period. The Actuarial Value of Assets (AVA) is limited by a 40% corridor; the AVA cannot be less than 60% of MVA, nor greater than 140% of MVA.

Based on action taken by the Board on November 16, 2023, the total deferred investment gain of \$7.3 million through June 30, 2023 will be recognized in six level amounts, with five years of recognition remaining after the June 30, 2024 valuation.

Section 4: Actuarial Valuation Basis

Actuarial assumptions:

- Investment rate of return: 7.00%
- Inflation rate: 2.50%
- Across-the-board pay increase: 0.50%
- Payroll growth: 3.00%
- **Health care cost trend rate:**
 - Medical Non-Medicare: 7.00% in 2024-2025¹, then decreasing by 0.25% for each year for ten years until it reaches an ultimate rate of 4.50%
 - Medical Medicare: 10.00% in 2024-2025, then 6.50% in 2025-2026, then decreasing by 0.25% for each year for eight years until it reaches an ultimate rate of 4.50%
 - Dental: 3.00% for all years
 - Medicare Part B Premium: 6.20% from 2024-2032, then 5.75% in 2033-2034, then decreasing by 0.25% for each year for five years until it reaches an ultimate rate of 4.50%
- **Maximum medical subsidy trend:**
 - For all non-Medicare retirees, increase at lesser of 7.00% or non-Medicare medical trend
 - For Medicare retirees with single party premium, increase with Medicare plan trend
 - For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2024 (e.g., Fire Kaiser), increase with Medicare medical plan trend
 - For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2024 (e.g., Police Blue Cross), increase based on a combination of Medicare maximum subsidy trend and the Medicare plan trend for that particular health plan

¹ For example, the 7.00% assumption, when applied to the 2024-2025 non-Medicare medical premiums, would provide the projected 2025-2026 non-Medicare medical premiums.

Section 4: Actuarial Valuation Basis

Plan membership

Plan membership — Excluding retirees and beneficiaries not receiving subsidy:

Member Type	June 30, 2024	June 30, 2023
Current retirees and beneficiaries	12,291	11,972
Current active participants	12,369	12,571
Terminated participants eligible for deferred pension and health benefits	20	39
Retirees and beneficiaries not in pay status but eligible for deferred health benefits	964	978
Subtotal of participants entitled but not yet enrolled in health benefits	984	1017
Total	25,644	25,560

Section 4: Actuarial Valuation Basis

Exhibit 2: Actuarial Assumptions and Actuarial Cost Method

Rationale for assumptions

The information and analysis used in selecting each assumption that has a significant effect on this actuarial valuation is shown in the July 1, 2019 through June 30, 2022 Actuarial Experience Study dated May 10, 2023 and retiree health assumptions letter dated August 28, 2024. Unless otherwise noted, all actuarial assumptions and methods shown below apply to all members. These assumptions have been adopted by the Board.

Economic assumptions

Net investment return

7.00%, net of OPEB Plan investment expense, including inflation.

Payroll growth

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

Administrative expenses

Out of the total 1.45% of payroll in administrative expense, 0.13% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.13% of payroll payable at beginning of the year.

Salary increases

The annual rate of compensation increase includes:

- Inflation at 2.50%, plus
- “Across the board” salary increases of 0.50% per year, plus
- The following merit and promotion increases:

Section 4: Actuarial Valuation Basis

Merit and Promotion Increases

Years of Service	Rate (%)
Less than 1	9.00
1–2	7.00
2–3	6.50
3–4	5.50
4–5	4.00
5–6	2.75
6–7	2.00
7–8	2.00
8–9	2.00
9–10	2.50
10–11	1.90
11–12	1.80
12–13	1.70
13–14	1.60
14–15	2.00
15–16	1.40
16–17	1.30
17–18	1.20
18–19	1.20
19–20	1.60
20–25	1.00
25 & Over	0.90

Increases are assumed to occur beginning of the year for future salary increases.

We annualized biweekly pay (by multiplying by 365 and dividing by 14), supplied by LAFPP.

Section 4: Actuarial Valuation Basis

Demographic assumptions

Post-retirement mortality rates

*Healthy*¹

Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and unadjusted for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Disabled

Pub-2010 Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

*Beneficiary*²

Not in pay status as of valuation: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

In pay status as of valuation: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality Table increased by 5% for males and increased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

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

¹ The Pub-2010 Healthy Retiree Headcount-Weighted Above-Median Mortality Tables only provides rates for ages 45 and later for the Safety table. To develop the post-retirement mortality rates for ages 36 through 44 for Safety members, we have smoothed the difference between the rates at age 35 from the Pub-2010 Employee Headcount-Weighted Above-Median Mortality Tables and the rates at age 45 from the Pub-2010 Healthy Retiree Headcount-Weighted Above-Median Mortality tables. To develop the post-retirement mortality rates before age 36 for the Safety table, we have used the Pub-2010 Employee Headcount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

² The Pub-2010 Healthy Retiree Headcount-Weighted Above-Median Mortality Tables only provides rates for ages 50 and later for the General table. To develop the post-retirement mortality rates for ages 41 through 49 for General members, we have smoothed the difference between the rates at age 40 from the Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables and the rates at age 50 from the Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality tables. To develop the post-retirement mortality rates before age 41 for the General table, we have used the Pub-2010 General Employee Headcount-Weighted Above-Median Mortality Tables rates. This methodology for developing an extended annuitant mortality table is similar to the method used by the IRS to develop the base mortality table for determining minimum funding standards for single-employer defined benefit pension plans under Section 430. While Section 430 is not applicable to LAFPP, we believe this is a reasonable method for developing annuitant mortality rates at earlier ages.

Section 4: Actuarial Valuation Basis

Pre-retirement mortality rates

Pub-2010 Safety Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Pre-Retirement Mortality Rates (%)

Age	Male	Female
20	0.04	0.02
25	0.04	0.02
30	0.05	0.03
35	0.07	0.05
40	0.07	0.05
45	0.08	0.06
50	0.10	0.07
55	0.15	0.11
60	0.24	0.16

All pre-retirement deaths are assumed to be service connected.

Generational projection to the measurement date for each age are reflected in the above mortality rates.

Section 4: Actuarial Valuation Basis

Disability incidence

Disability Incidence Rates (%)

Age	Fire	Police
25	0.01	0.01
30	0.02	0.03
35	0.05	0.08
40	0.08	0.18
45	0.11	0.25
50	0.14	0.29
55	0.36	0.36
60	0.50	0.61
65	0.20	0.30

Disability rates are not applied to members eligible to enter the DROP.

Section 4: Actuarial Valuation Basis

Termination

Less Than Five Years of Service – Rate (%)

Years of Service	Fire	Police
Less than 1	7.50	9.00
1–2	1.80	3.25
2–3	1.10	3.25
3–4	1.00	3.25
4–5	0.50	2.50

Five or More Years of Service – Rate (%)

Age	Fire	Police
25	0.60	2.50
30	0.51	2.08
35	0.33	1.29
40	0.25	0.74
45	0.16	0.60
50	0.07	0.57
55	0.02	0.52
60	0.00	0.20
65	0.00	0.00

No termination is assumed after a member is eligible for retirement. This includes all active members currently in Tier 2. Members in Tiers 3, 5 and 6 who are not eligible to receive a deferred vested retirement benefit are assumed to receive a refund of member contributions.

Section 4: Actuarial Valuation Basis

Retirement rates

Retirement Rates (%)

Age	Fire Tiers 2 & 4	Fire Tiers 3 & 5	Fire Tier 6	Police Tiers 2 & 4	Police Tiers 3 & 5	Police Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70 & Over	100.00	100.00	100.00	100.00	100.00	100.00

Section 4: Actuarial Valuation Basis

DROP program

DROP participants are considered active members until they leave DROP and begin receiving retirement benefits. Members are assumed to remain in the DROP for 5 years. For current DROP participants, we have rounded up the number of years they have been in DROP for purposes of determining the number of years they are expected to remain in the DROP as of the valuation date.

For members who enter DROP on or after February 1, 2019, it is assumed they will have DROP payments suspended for an average of 3.5 months (or 0.7 months for each remaining year in DROP for current DROP members) due to the minimum hours per month needed for participation.

Unknown data for members

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

Definition of active members

First day of biweekly payroll following employment for new department employees or immediately following transfer from other city department.

Future benefit accruals

1.0 year of service per year.

Section 4: Actuarial Valuation Basis

Retiree health assumptions

Age and gender of spouse/domestic partner

For all non-retired members, male members are assumed to have a female spouse or domestic partner who is 3 years younger than the member and female members are assumed to have a male spouse or domestic partner who is 3 years older than the member.

Participation

Service Range (Years)	(a) Participation for Future Retirees Under 65	(b) Participation for Future Retirees Over 65	Participation Upon Attaining Age 65 for Current Retirees aged 55-64 Without Subsidy $[(b-a)/(1-a)]$
10–14	35%	55%	30.77%
15–19	60	80	50.00
20–24	80	85	25.00
25 and over	95	97	40.00

Medicare coverage

100% of future retirees are assumed to elect Medicare Parts A & B.

Dental coverage

90% of future retirees are assumed to elect dental coverage.

Spousal/domestic partner coverage

Of future retirees receiving a medical subsidy 80% are assumed to elect coverage for married and surviving spouses or domestic partners. For those retired on valuation date with a subsidy, spousal or domestic partner coverage is based on census data.

Section 4: Actuarial Valuation Basis

Child coverage

Some non-Medicare retirees will cover children in addition to their spouse and draw the maximum monthly subsidy (\$2,241.39). Current retirees under age 65 are assumed to cover, if indicated in the data, their children until the retiree attains age 65. For future retirees, 35% are assumed to cover their children until the retiree attains age 65.

Implicit subsidy

- **Plans other than Fire Kaiser:** No implicit subsidy exists since retiree medical premiums are underwritten separately from active premiums.
- **Fire Kaiser:** Based on information provided by the health consultant retained by Los Angeles Firemen’s Relief Association (LAFRA), we understand that retirees under age 65 enrolled in the Fire Kaiser Medical Plan are presently underwritten with the actives enrolled in that plan. A table of the blended (i.e., active/retiree combined) and unblended (i.e., early retiree only) monthly premium rates are shown below:

Monthly Premium July 1, 2024

Tier	Active/Retiree Combined	Early Retiree Only
Member Only	\$1,014.58	\$1,244.85
Member + 1	2,000.16	2,460.70
Family	2,522.52	3,105.11

The implicit subsidy is the difference between the retiree-only premium and the active/retiree combined premium. LAFPP has made a decision to include the implicit subsidy in the employer’s contribution rate starting with the June 30, 2019 funding valuation. (Note that while the contribution rate will be increased to reflect the prefunding of the implicit subsidy, the Plan is not going to reimburse the City as that implicit subsidy is paid by the employer.)

Section 4: Actuarial Valuation Basis

Per capita costs and election rates for members not subject to retiree medical subsidy freeze – Retirees under age 65

Future retirees under age 65 are assumed, upon retirement, to elect carriers in the percentages with corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors under age 65 are assumed to continue to cover themselves and their spouse (or domestic partner).

We assume that some non-Medicare retirees will cover children in addition to their spouse and draw the maximum monthly subsidy (\$2,241.39 for 2024-2025) shown in the table below. We assume current retirees will cover children, if indicated in the data, until the retiree attains age 65. We assume 35% of future retirees will elect family coverage and cover children until the retiree attains age 65.

2024–2025 Fiscal Year Carrier	Election Percentage Assumed	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/ with Domestic Partner Monthly Premium	Married/ with Domestic Partner Maximum Subsidy	Married/ with Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
Fire										
Fire Medical	88.0	\$1,132.57	\$2,241.39	\$1,132.57	\$1,834.99	\$2,241.39	\$1,834.99	\$1,132.57	\$1,051.78	\$1,051.78
Fire Kaiser	6.0	1,244.85	2,241.39	1,244.85	2,460.70	2,241.39	2,241.39	1,244.85	1,051.78	1,051.78
UFLAC Select HMO	2.0	1,216.94	2,241.39	1,216.94	2,048.28	2,241.39	2,048.28	1,308.83	1,051.78	1,051.78
UFLAC HDHP	4.0	1,273.02	2,241.39	1,273.02	1,392.24	2,241.39	1,392.24	1,285.97	1,051.78	1,051.78
Police										
Blue Cross PPO	66.0	\$1,024.14	\$2,241.39	\$1,024.14	\$2,043.28	\$2,241.39	\$2,043.28	\$1,024.14	\$1,051.78	\$1,024.14
Blue Cross HMO	12.0	947.14	2,241.39	947.14	1,893.28	2,241.39	1,893.28	947.14	1,051.78	947.14
Police Kaiser	22.0	848.42	2,241.39	848.42	1,664.96	2,241.39	1,664.96	848.42	1,051.78	848.42

Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 64.

For the valuation of current retirees, subsidies valued are based on actual medical election provided in the data reported for the Health Plan.

Section 4: Actuarial Valuation Basis

Per capita costs and election rates for members not subject to retiree medical subsidy freeze – Retirees age 65 and over

Future retirees and current retirees under age 65 are assumed, upon reaching age 65, to elect carriers in the percentages with corresponding premiums and subsidies as noted in the table below. Current retirees and current eligible survivors over age 65 are assumed to continue to cover themselves and their spouse (or domestic partner).

Due to low number of current retirees over age 65 who have covered children and the short duration of child-related subsidy payments, we assume that for retirees over age 65 all children will age out.

2024–2025 Fiscal Year Carrier	Election Percentage Assumed	Single Party Monthly Premium	Single Party Maximum Subsidy	Single Party Subsidy	Married/ with Domestic Partner Monthly Premium	Married/ with Domestic Partner Maximum Subsidy	Married/ with Domestic Partner Subsidy	Eligible Survivor Monthly Premium	Eligible Survivor Maximum Subsidy	Eligible Survivor Subsidy
Fire										
Fire Medical	86.0	\$756.40	\$549.16	\$549.16	\$1,082.65	\$875.41	\$875.41	\$756.40	\$549.16	\$549.16
Fire Kaiser	10.0	209.50	549.16	209.50	390.00	390.00	390.00	209.50	549.16	209.50
UFLAC Advantage HMO	1.0	381.56	549.16	381.56	734.97	734.97	734.97	381.56	549.16	381.56
UFLAC Advantage PPO	3.0	519.81	549.16	519.81	1,009.68	1,009.68	1,009.68	519.81	549.16	519.81
Police										
Blue Cross PPO	76.0	\$661.89	\$549.16	\$549.16	\$1,318.78	\$1,206.05	\$1,206.05	\$661.89	\$549.16	\$549.16
Blue Cross HMO	7.0	707.89	549.16	549.16	1,414.78	1,256.05	1,256.05	707.89	549.16	549.16
Police Kaiser	17.0	205.88	549.16	205.88	379.88	379.88	379.88	205.88	549.16	205.88

Members who are subject to the retiree medical subsidy freeze have monthly health insurance subsidy maximums fixed at the level in effect on July 1, 2011, as shown on page 64.

For the valuation of current retirees, subsidies valued are based on actual medical election provided in the data reported for the Health Plan.

Note that the above premiums in tables on pages 62 and 63 do not apply to a small number of retirees receiving a Health Insurance Premium Reimbursement (HIPR) subsidy for health insurance premiums paid to a non-Board approved, state-regulated health plan.

Section 4: Actuarial Valuation Basis

Per capita cost development — subject to retiree medical subsidy freeze

Carrier	Single Party	Married/With Domestic Partner	Eligible Survivor
Under 65 – All Plans	\$1,097.41	\$1,097.41	\$595.60
Over 65			
• Fire Medical	\$480.41	\$635.60	\$480.41
• Fire Kaiser	209.50	390.00	209.50
• UFLAC Advantage HMO	381.56	566.64	381.56
• UFLAC Advantage PPO	480.41	705.17	480.41
• Police Blue Cross PPO	480.41	735.93	480.41
• Police Blue Cross HMO	480.41	743.93	480.41
• Police Kaiser	205.88	379.88	205.88

The future single party and eligible survivor subsidy levels for the Fire Kaiser, UFLAC Advantage HMO, and Police Kaiser plans are limited to \$480.41.

Per capita cost development - medical subsidy

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

Per capita cost development — dental plan

Maximum dental subsidy: Because almost all current retirees enrolled in a dental plan are paying a premium in excess of the maximum subsidy, we assumed that 100% of future retirees with dental coverage will receive the maximum subsidy.

Monthly Subsidy for 2024–2025 Fiscal Year

\$42.93

Section 4: Actuarial Valuation Basis

Per capita cost development — Medicare Part B premium reimbursement

The Plan will reimburse monthly Medicare Part B premiums before means testing:

Monthly Premium	Single
Actual premium for calendar year 2024	\$174.70
Projected premium for calendar year 2025	185.53
Projected average monthly premium for plan year 2024-2025	180.12

The projected premium for calendar year 2025 is based on calendar year 2024 premium adjusted to 2025 by the assumed trend rate of 6.20%.

For retirees over age 65 on the valuation date, we assumed all retirees will revert to the standard premium (shown above) in the following calendar year (2025). For current retirees under age 65 and future retirees, we assumed 100% of those electing a medical subsidy will be eligible for the Medicare Part B premium subsidy.

Section 4: Actuarial Valuation Basis

Health care cost trend rates

Trend is to be applied to premiums and maximum subsidies for the fiscal year shown to calculate the next fiscal year's projected premiums and maximum subsidies.¹

The fiscal year trend rates are the following:

Trend Rates (%) Applied to Calculate Following Year Premium and Subsidy

Fiscal Year	Non-Medicare Premiums	Non-Medicare Maximum Subsidy	Medicare Premiums	Medicare Maximum Subsidy	Medicare Part B Premium
2024–2025	7.00	7.00 ²	10.00	5.90 ³	6.20
2025–2026	6.75	6.75	6.50	6.50	6.20
2026–2027	6.50	6.50	6.25	6.25	6.20
2027–2028	6.25	6.25	6.00	6.00	6.20
2028–2029	6.00	6.00	5.75	5.75	6.20
2029–2030	5.75	5.75	5.50	5.50	6.20
2030-2031	5.50	5.50	5.25	5.25	6.20
2031-2032	5.25	5.25	5.00	5.00	6.20
2032-2033	5.00	5.00	4.75	4.75	6.20
2033-2034	4.75	4.75	4.50	4.50	5.75
2034-2035	4.50	4.50	4.50	4.50	5.50
2035–2036	4.50	4.50	4.50	4.50	5.25
2036–2037	4.50	4.50	4.50	4.50	5.00
2037–2038	4.50	4.50	4.50	4.50	4.75
2038 and later	4.50	4.50	4.50	4.50	4.50

Dental premium trend: 3.00% for all years.

¹ For example, the 7.00% assumption for fiscal year 2024–2025, when applied to the 2024–2025 non-Medicare medical premiums, would provide the projected 2025-2026 non-Medicare medical premiums.

² The maximum non-Medicare health subsidy trend is the lesser of 7.00% or non-Medicare medical trend.

³ For members not subject to the subsidy freeze, we assume that the maximum Medicare health subsidy amount will increase by the actual subsidy increase for the first year, then with the Medicare medical trend.

Section 4: Actuarial Valuation Basis

Health care reform

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

Plan design

Development of plan liabilities was based on the substantive plan of benefits in effect as described in Section 4.

Changes in assumptions

Per capita costs and health plan election assumptions were updated to reflect 2024-2025 plan year premiums and subsidies, based on more recent data. Trend assumptions were updated to reflect the anticipated impact of the Inflation Reduction Act on the plan's 2025-2026 Medicare plan premiums, and higher trend expectations for the Part B premium reimbursements. The updated claims, health plan elections and associated trend assumptions had a combined impact of increasing the actuarial accrued liability.

Section 4: Actuarial Valuation Basis

Exhibit 3: Summary of Plan

This exhibit summarizes the major benefit provisions as included in the valuation. To the best of our knowledge, the summary represents the substantive plans as of the measurement date. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

Subsidy for members not eligible for Medicare A & B

Eligibility

Retired Members who retired with 10 or more years of service, or Tier 6 Service-Connected Disability retirees with less than 10 years of service and at least 55 years of age. Benefits commence no earlier than age 55. Subsidy is paid only to Members on service or disability retirements.

Surviving spouses and surviving domestic partners are eligible for health benefits upon the Member's date of death if the Member had attained age 55 prior to death. Otherwise, health benefits for survivors shall commence on the date that the Member would have reached age 55.

Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.

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 the Board's approved health carrier. Tier 6 Service-Connected Disability retirees with less than 10 years of service may receive the lesser of 40% of the Maximum Subsidy or 40% of the single-party cost of their medical plan.

Maximum subsidy

As of July 1, 2024, maximum is \$2,241.39 per month. For surviving spouse/domestic partner, the maximum subsidy is \$1,051.78 per month.

Increase in subsidy

For employees not subject to freeze, the Board's health subsidy amount may increase at lesser of 7% or non-Medicare trend.

Section 4: Actuarial Valuation Basis

Dependent portion

Difference between basic subsidy maximum amount and single-party premium.

Implicit subsidy

Amount of subsidy

Fire Kaiser non-Medicare retirees are charged a premium that reflects blending with active employees. The difference between the retiree-only cost and the blended premium is the implicit subsidy.

Subsidy for members eligible for Medicare A & B

Eligibility

Retired Members over age 65 with 10 or more years of service, or Tier 6 Service-Connected Disability retirees with less than 10 years of service, who participate in Medicare Parts A & B.

Amount of subsidy

For retirees, health subsidy is provided subject to the following vesting schedule:

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

Tier 6 Service-Connected Disability Retirees with less than 10 years of service may receive the lesser of 75% of the Maximum Medicare Subsidy or 75% of the single-party cost of their medical plan.

Surviving spouses or surviving domestic partners are eligible for benefits upon the death of the Member. Surviving spouses/domestic partners of Tier 6 Service-Connected Disability Retirees with less than 10 years of service do not qualify for a health subsidy.

Section 4: Actuarial Valuation Basis

Maximum subsidy

As of July 1, 2024, the single coverage maximum subsidy for retirees and surviving spouse/domestic partner is \$549.16¹. The multi-person coverage maximum subsidy depends on the carrier elected and coverage tier.

The Board's health subsidy amount may:

- For Medicare retirees with single party premium, increase with Medicare medical plan trend,
- For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2024 (e.g., Fire Kaiser), increase with Medicare plan trend, and
- For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2024 (e.g., Police Blue Cross), increase based on a combination of Medicare maximum subsidy trend and the Medicare plan trend for that particular health plan.

Dependent 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 an under 65 or Part B/D only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.

Subsidy freeze

The retiree health benefits program was changed to freeze the medical subsidy for non-retired members not enrolled in the DROP as of July 14, 2011 who did not begin to contribute an additional 2% of base salary to the Pension Plan.

- The frozen subsidy is different for Medicare and non-Medicare retirees.
- The freeze applies to the medical subsidy limits in effect for the 2011-2012 plan year.
- The freeze does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Medicare Part B - related subsidy

For retired Members enrolled in Medicare A & B who are eligible to receive a subsidy, the Plan provides payment of Part B premiums (\$174.70 for calendar year 2024 and projected to be \$185.53 for calendar year 2025, for all eligible retirees and beneficiaries).

¹ Per LAAC Section 4.1154 (c), the maximum subsidy for single party coverage will not exceed the highest monthly premium of a Medicare plan available to retired members of the Los Angeles City Employees' Retirement System.

Section 4: Actuarial Valuation Basis

Dental subsidy

Eligibility

Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. 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 Board approved dental carrier.

Maximum subsidy

Lesser of monthly amount paid to active Fire and Police Members and retired City Employee Retirement System Members. As of July 1, 2024, maximum is \$42.93 per month.

Retiree contributions

To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

Changes in plan provisions:

We understand that there is a ballot measure which if approved by the voters would allow certain Los Angeles City Employees' Retirement System active members to be transferred to LAFPP so that those members would receive Safety benefits available under LAFPP. However, as that measure has not been approved, we have not reflected the financial impact of the transfer in this report.

Section 4: Actuarial Valuation Basis

Exhibit 4: Definition of Terms

The following list defines certain technical terms for the convenience of the reader:

Term	Definition
Assumptions or Actuarial Assumptions	The estimates on which the cost of the Plan is calculated including: <ul style="list-style-type: none"> • Investment return — the rate of investment yield that the Plan will earn over the long-term future; • Mortality rates — the death rates of employees and pensioners; life expectancy is based on these rates; • Retirement rates — the rate or probability of retirement at a given age; • Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarial Present Value of Total Projected Benefits (APB)	Present value of all future benefit payments for current retirees and active employees taking into account assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.
Normal Cost	The amount of contributions required to fund the benefit allocated to the current year of service.
Actuarial Accrued Liability for Actives	The equivalent of the accumulated normal costs allocated to the years before the valuation date.
Actuarial Accrued Liability for Retirees	The single sum value of lifetime benefits to existing retirees. This sum takes account of life expectancies appropriate to the ages of the retirees and of the interest which the sum is expected to earn before it is entirely paid out in benefits.
Valuation Value of Assets (VVA)	The value of assets used by the actuary in the valuation. These may be at market value or some other method used to smooth variations in market value from one valuation to the next.
Funded Ratio	The ratio AVA/AAL.
Unfunded Actuarial Accrued Liability (UAAL):	The extent to which the actuarial accrued liability of the Plan exceeds the assets of the Plan. There is a wide range of approaches to paying off the unfunded actuarial accrued liability, from meeting the interest accrual only to amortizing it over a specific period of time.
Amortization of the Unfunded Actuarial Accrued Liability	Payments made over a period of years equal in value to the Plan's unfunded actuarial accrued liability.

Section 4: Actuarial Valuation Basis

Term	Definition
Investment Return (discount rate)	The rate of earnings of the Plan from its investments, including interest, dividends and capital gain and loss adjustments, computed as a percentage of the average value of the fund. For actuarial purposes, the investment return often reflects a smoothing of the capital gains and losses to avoid significant swings in the value of assets from one year to the next. If the plan is funded on a pay-as-you-go basis, the discount rate is tied to the expected rate of return on day-to-day employer funds.
Covered Payroll	Annual reported salaries for all active participants on the valuation date.
ADC as a Percentage of Covered Payroll	The ratio of the actuarially determined contribution to covered payroll.
Health Care Cost Trend Rates	The annual rate of increase in net claims costs per individual benefiting from the Plan.
Actuarially Determined Contribution (ADC)	The ADC is equal to the sum of the normal cost and the amortization of the unfunded actuarial accrued liability.
Employer Contributions	An employer has contributed to an OPEB plan if the employer has (a) provided benefits directly to retired plan members or their beneficiaries, (b) paid insurance premiums to insure the payment of benefits, or (c) irrevocably transferred assets to a qualifying trust, or equivalent arrangement, in which plan assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer(s) or plan administrator.

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City of Los Angeles Fire and Police Pension Plan (LAFPP)

**Governmental Accounting Standards Board
Statement No. 67 (GASB 67) Actuarial Valuation
as of June 30, 2024**



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November 20, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 67 (GASB 67) Actuarial Valuation as of June 30, 2024 for the City of Los Angeles Fire and Police Pension Plan (“LAFPP” or “the Plan”). It contains various information that will need to be disclosed in order to comply with GASB 67. Please refer to LAFPP’s Actuarial Valuation and Review of Retirement Benefits as of June 30, 2023, dated November 8, 2023, for the data and LAFPP’s Actuarial Valuation and Review of Retirement Benefits as of June 30, 2024, dated November 20, 2024 for the assumptions and plan of benefits underlying these calculations.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board of Fire and Police Pension Commissioners (the Board), based upon information provided by the staff of the Plan and the Plan’s other service providers.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

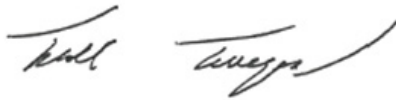
The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, Enrolled Actuary. We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in the actuarial valuation is complete and accurate. The assumptions used in this actuarial valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonable and take into account the experience of LAFPP and reasonable expectations. In addition, in our opinion, the combined effect of these assumptions is expected to have no significant bias.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

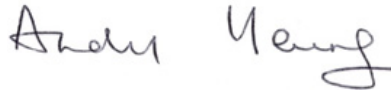
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

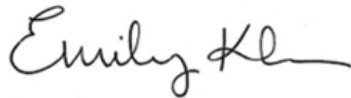
Segal



Todd Tauzer, FSA, MAAA, FCA, CERA
Senior Vice President and Actuary



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ST/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report has been prepared by Segal to present certain disclosure information required by Governmental Accounting Standards Board Statement No. 67 (GASB 67) as of June 30, 2024. This report is based on:

- The benefit provisions of LAFPP, as administered by the Board;
- The characteristics of covered active, inactive, and retired members and beneficiaries as of June 30, 2023, provided by LAFPP;
- The assets of the Plan as of June 30, 2024, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2024 funding valuation; and
- Other actuarial assumptions, regarding employee terminations, retirement, death, etc. adopted by the Board for the June 30, 2024 funding valuation.

General observations on a GASB 67 actuarial valuation

1. The Governmental Accounting Standards Board (GASB) rules only define pension liability and expense for financial reporting purposes, they do not apply to contribution amounts for pension funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring pension liability, GASB uses the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as LAFPP uses for funding. This means that the Total Pension Liability (TPL) measure for financial reporting shown in this report is generally determined on the same basis as LAFPP's Actuarial Accrued Liability (AAL) measure for funding, except as noted below. We note that the same is generally true for the service cost for financial reporting shown in this report and the normal cost component of the annual plan cost for funding.
 - a. Note that, with regard to the actuarial cost method, the GASB rules use a version of the Entry Age method where the TPL must be fully accrued by the time a member either enters the Deferred Retirement Option Plan (DROP) or is expected to elect the DROP. This is in contrast to the version of the Entry Age method used for funding, where the AAL is not fully accrued until members retire from employment after participation in the DROP. Under GASB, actives who are expected to enroll in the DROP in the future would report an annual service cost that is higher than the normal cost used for funding, while members already in the DROP would report no service cost even though their normal cost for funding continues to accrue.

Section 1: Actuarial Valuation Summary

- b. Because the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this valuation so that they are based on the earlier date of first participation in the DROP. Those rates are provided in *Section 3, Appendix C*.
3. The Net Pension Liability (NPL) is equal to the difference between the TPL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NPL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) on a market value basis.

Highlights of the valuation

1. The reporting date for the Plan is June 30, 2024 and the NPL was measured as of the same date. The TPL was determined based upon rolling forward the TPL from an actuarial valuation as of June 30, 2023 while the Plan FNP was valued as of the measurement date. In addition, any changes in actuarial assumptions or plan provisions that occurred between the valuation date and the measurement date have been reflected.
2. The NPL decreased from \$364 million as of June 30, 2023 to a surplus of \$(255) million as of June 30, 2024 primarily due to a return on the market value of assets of 9.8%¹ during fiscal year 2023-2024 that was more than the assumption of 7.00% used in the June 30, 2023 valuation (a gain of about \$726 million). Changes in these values during the last two fiscal years can be found in *Section 2, Exhibit 3 - Schedule of changes in Net Pension Liability* on page 21.
3. The discount rate used to measure the TPL and NPL as of June 30, 2024 was 7.00%, following the same assumptions used by LAFPP in the actuarial funding valuation as of June 30, 2024. The detailed calculations used in the derivation of the 7.00% discount rate can be found in *Appendix A*. Various other information that is required to be disclosed can be found throughout *Section 2*.
4. There is a temporary reclassification of certain salary elements as non-pensionable from 2023-2024 to 2025-2026 by the City, Harbor and Airport. Under “RIP 2.0”, certain salary increases from 2023-2024 to 2025-2026 are temporarily classified as non-pensionable. Moreover, for the City, certain length of service pay elements for members with less than 20 years of service are

¹ The investment return for the Retirement Plan was 9.8% (net of investment expenses only). This is higher than the 9.5% investment return calculated for the OPEB Plan. Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LAFPP, we sometimes could come up with a different return for the two Plans if: (a) the timing of the cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

also classified as non-pensionable salaries from 2023-2024 to 2026-2027 under the Length of Service Pay Program. We understand that members who retire or enter the DROP during the above periods will have their pension benefit calculated using the aforementioned salary increases and the length of service pay. For purposes of the valuation, these “temporarily” reclassified non-pensionable salary elements will continue to be treated as pensionable for purposes of determining an active member’s benefits, after discussion with LAFPP, the City, Harbor and Airport.

Because this GASB 67 valuation utilizes a roll forward of liability based on the membership data as of June 30, 2023, the scheduled pay reclassification described above does not have an impact on this valuation.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2024	June 30, 2023
Disclosure elements		
Service cost ¹	\$442,648,825	\$452,190,432
Total Pension Liability	27,892,689,723	26,800,919,509
Plan Fiduciary Net Position	28,148,045,889	26,437,299,567
Net Pension Liability	(255,356,166)	363,619,942
Schedule of contributions		
Actuarially determined contributions	\$480,809,810	\$481,824,295
Actual contributions	480,809,810	481,824,295
Contribution deficiency / (excess)	0	0
Demographic data²		
Number of retired members and beneficiaries	14,423	14,131
Number of inactive members ³	828	776
Number of DROP members	1,300	1,496
Number of active members	11,069	11,075
Key assumptions		
Investment rate of return	7.00%	7.00%
Inflation rate	2.50%	2.50%
“Across-the-board” salary increase	0.50%	0.50%
Projected salary increases ⁴	3.90% to 12.00%	3.90% to 12.00%
Cost-of-living adjustments	2.75%	2.75%

¹ Excludes administrative expense load. The service cost is based on the previous year's valuation, meaning the service cost as of the June 30, 2024 and June 30, 2023 measurement dates are based on the valuations as of June 30, 2023 and June 30, 2022, respectively. The June 30, 2024 service cost has been calculated using the assumptions shown in the Prior Year column, while the June 30, 2023 service cost has been calculated using the assumptions from the June 30, 2022 valuation. Please refer to the note on the next page for the assumptions used for the June 30, 2023 service cost.

² Data as of June 30, 2023 is used in the measurement of the TPL as of June 30, 2024.

³ Includes inactive members due a refund of member contributions.

⁴ Includes inflation at 2.50% plus “across-the-board” salary increase of 0.50% plus merit and promotion increases that vary by service.

Section 1: Actuarial Valuation Summary

Note to footnote 1 from prior page

The June 30, 2023 service cost has been calculated using the following assumptions as of June 30, 2022:

- Investment rate of return: 7.00%
- Inflation rate: 2.75%
- “Across-the-board” salary increase: 0.50%
- Projected salary increases: 4.15% to 12.25%
 - Projected salary increases include inflation at 2.75% plus across-the-board increase of 0.50% plus merit and promotion increases that vary by service.
- Cost-of-living adjustments (COLA): 2.75%

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan provisions	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. It is important to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report (as well as the plan summary included in our funding valuation report) to confirm that Segal has correctly interpreted the plan of benefits.
Member information	An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Financial information	The valuation is based on the fair value of assets as of the measurement date, as provided by LAFPP.
Actuarial assumptions	In preparing an actuarial valuation, Segal starts by developing a forecast of the benefits to be paid to existing plan members for the rest of their lives and the lives of their beneficiaries. This requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of members in each year, as well as forecasts of the plan's benefits for each of those events. In addition, the benefits forecasted for each of those events in each future year reflect actuarial assumptions as to salary increases and cost-of-living adjustments (if any). The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets. All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions are selected within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model may use approximations and estimates that will have an immaterial impact on our results. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.
Actuarial models	Segal valuation results are based on proprietary actuarial modeling software. The actuarial valuation models generate a comprehensive set of liability and cost calculations that are presented to meet regulatory, legislative and client requirements. Deterministic cost projections are based on a proprietary forecasting model. Our Actuarial Technology and Systems unit, comprised of both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuary.

Section 1: Actuarial Valuation Summary

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared at the request of the Board. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- An actuarial valuation is a measurement at a specific date — it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted.
- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- Segal does not provide investment, legal, accounting or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.
- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. LAFPP should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 67 Information

General information about the pension plan

Plan administration

The City of Los Angeles Fire and Police Pension (LAFPP) plan was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City's Fire and Police Departments.

The Fire and Police Pension Plan is administered by a Board of Commissioners composed of:

- Five commissioners who are appointed by the Mayor;
- Two commissioners elected by Police Members of the Plan; and
- Two commissioners elected by Fire Members of the Plan.

Under provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility to administer the Plan.

Plan membership¹

At June 30, 2024, pension plan membership consisted of the following:

Membership	Count
Retired members and beneficiaries	14,423
Inactive members ²	828
DROP members	1,300
Active members	11,069
Total	27,620

¹ Data as of June 30, 2023 is used in the measurement of the TPL as of June 30, 2024.

² Includes inactive members due a refund of member contributions.

Section 2: GAS 67 Information

Benefits provided

LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members of the Los Angeles Fire and Police Departments, Harbor Port Police and Airport Department. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower.

There are currently six tiers applicable to members of the LAFPP:

- Tier 1 includes members hired on or before January 28, 1967.
- Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968.
- Tier 3 includes members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998.
- Tier 4 includes members hired from July 1, 1997 through December 31, 2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998.
- Tier 5 includes members hired from January 1, 2002 through June 30, 2011 and those active members of Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through December 31, 2002.
- Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011.

The service retirement benefit the member will receive is based upon age at retirement, final average compensation, years of retirement service credit and tier.

LAFPP provides annual cost-of-living adjustments (COLAs) to retirees. The cost-of-living adjustments are made each July 1 and vary by Tier. Under Tier 1 and Tier 2, the COLA is based on the percentage change in the Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area--All Items For All Urban Consumers. Under Tier 3 and Tier 4, the COLA is the same as under Tier 1 and Tier 2 but is capped at 3%, with a prorated COLA in the first year of retirement. Under Tier 5 and Tier 6, the COLA is the same as under Tier 3 and Tier 4, with the excess of the COLA over 3% banked for future use when the COLA is under 3%.

Tier 1 member benefits

Tier 1 members are eligible to retire once they attain 20 years of service.

The Tier 1 Service Retirement benefit is calculated pursuant to the provisions of Section 1304 of the Los Angeles Charter. The monthly allowance for a member with between 20 to 25 years of service who retires from active status is equal to 40% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date

Section 2: GAS 67 Information

of his/her retirement plus 2% of the average rate of salary for each year of service in excess of 20 years. The monthly allowance for a member with between 25 to 34 years of service who retires from active status is equal to 50% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement plus 1 2/3% of the average rate of salary for each year of service in excess of 25 years. The monthly allowance for a member with 35 or more years of service who retires from active status is equal to 66 2/3% of the average monthly rate of salary assigned to the ranks or positions held by the member during the three years immediately preceding the date of his/her retirement.

Tier 2 member benefits

Tier 2 members are eligible to retire once they attain 20 years of service.

The Tier 2 Service Retirement benefit is calculated pursuant to the provisions of Section 1408 of the Los Angeles Charter. The monthly allowance for a member with less than 25 years of service who retires from active status is equal to 2% of Normal Pension Base (the final monthly salary rate) per year of service. The monthly allowance for a member with 25 or more years of service who retires from active status is equal to 55% of Normal Pension Base plus 3% of Normal Pension Base for each year of service in excess of 25 years, with a maximum of 70% of Normal Pension Base.

Tier 3 member benefits

Tier 3 members are eligible to retire once they reach age 50 and have attained 10 or more years of service.

The Tier 3 Service Retirement benefit is calculated pursuant to the provisions of Section 1504 of the Los Angeles Charter. The monthly allowance for a member with less than 20 years of service who retires from active status is equal to 2% of Final Average Salary (the highest monthly average salary actually received during any 12 consecutive months of service) per year of service. The monthly allowance for a member with 20 or more years of service who retires from active status is equal to 40% of Final Average Salary plus 3% of Final Average Salary for each year of service in excess of 20 years, with a maximum of 70% of Final Average Salary.

Tier 4 member benefits

Tier 4 members are eligible to retire once they attain 20 years of service.

The Tier 4 Service Retirement benefit is calculated pursuant to the provisions of Section 1604 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary (the highest monthly average salary actually received during any 12 consecutive months of service) plus 3% per year of service over 20 years, with a maximum of 70% of Final Average Salary.

Section 2: GAS 67 Information

Tier 5 member benefits

Tier 5 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

The Tier 5 Service Retirement benefit is calculated pursuant to the provisions of Section 4.2004 of the Los Angeles Administrative Code. The monthly allowance for a member who retires from active status is equal to 50% of Final Average Salary (the highest monthly average salary actually received during any 12 consecutive months of service) plus 3% per year of service over 20, except for the 30th year, where 4% is provided, with a maximum of 90% of Final Average Salary.

Tier 6 member benefits

Tier 6 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

The Tier 6 Service Retirement benefit is calculated pursuant to the provisions of Section 1704 of the Los Angeles Charter. The monthly allowance for a member who retires from active status is equal to 40% of Final Average Salary (the highest monthly average salary actually received during any 24 consecutive months of service), plus 3% of Final Average Salary per year of service from 21 through 25 years, 4% of Final Average Salary per year of service from 26 through 30 years, and 5% of Final Average Salary per year of service over 30 years, with a maximum of 90% of Final Average Salary.

Contributions

The City of Los Angeles contributes to the retirement plan based upon actuarially determined contribution rates adopted by the Board of Commissioners based upon recommendations received from LAFPP's actuary after the completion of the annual actuarial valuation. The average employer contribution rate for fiscal year 2023–2024 (based on the June 30, 2022 valuation) was 30.05% of compensation.

All members are required to make contributions to LAFPP regardless of tier in which they are included. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tiers 1 through 4, and 33 years for Tier 5 and Tier 6. The average member contribution rate for fiscal year 2023-2024 was 9.82% of compensation paid biweekly.

Section 2: GAS 67 Information

Exhibit 1 – Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2024	June 30, 2023
Components of the Net Pension Liability		
Total Pension Liability	\$27,892,689,723	\$26,800,919,509
Plan Fiduciary Net Position	28,148,045,889	26,437,299,567
Net Pension Liability (Surplus)	\$(255,356,166)	\$363,619,942
Plan Fiduciary Net Position as a percentage of the Total Pension Liability ¹	100.92%	98.64%

The NPL for the Plan in this valuation was measured as of June 30, 2024. The Plan FNP was valued as of the measurement date and the TPL was determined based upon rolling forward the TPL from an actuarial valuation as of June 30, 2023.

Plan provisions

The plan provisions used in the measurement of the NPL as of June 30, 2024 are the same as those used in LAFPP's actuarial funding valuation as of June 30, 2024. We understand that there is a ballot measure which if approved by the voters would allow certain Los Angeles City Employees' Retirement System active members to be transferred to LAFPP so that those members would receive Safety benefits available under LAFPP. However, as that measure has not been approved as of the date of preparation of this report, we have not reflected the financial impact of the transfer in this report.

Actuarial assumptions

The TPL as of June 30, 2024 uses the same actuarial assumptions as the actuarial funding valuation as of June 30, 2024, with the exception of adjusted retirement rates shown in *Appendix C*. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period July 1, 2019 through June 30, 2022. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

¹ These funded percentages are not necessarily appropriate for assessing the sufficiency of Plan assets to cover the estimated cost of settling the Plan's benefit obligation or the need for or the amount of future contributions.

Section 2: GAS 67 Information

Assumption Type	Assumption
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
“Across-the-board” salary increase	0.50%
Salary increases	3.90% to 12.00% The above salary increases vary by service and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	2.75% For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Other assumptions	See analysis of actuarial experience during the period July 1, 2019 through June 30, 2022 and <i>Appendix C</i> for the service retirement rates after they have been adjusted to be based on the earlier date of first participation in the DROP.

Detailed information regarding all actuarial assumptions can be found in the June 30, 2024 Actuarial Valuation and Review.

Section 2: GAS 67 Information

Exhibit 2 – Discount rate

Determination of discount rate and investment rates of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected arithmetic real rates of return (expected returns, net of inflation and, beginning with the June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation, subtracting expected investment management expenses (investment consulting fees, custodian fees and other miscellaneous investment expenses) and further adjusted by a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation (approved by the Board) and projected arithmetic real rates of return for each major asset class (after deducting inflation and applicable investment management expenses) are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the actuarial funding valuation as of June 30, 2024. This information will be subject to change every three years based on the results of an actuarial experience study.

Section 2: GAS 67 Information

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return ¹
Large cap U.S. equity	23.00%	6.00%
Small cap U.S. equity	6.00%	6.65%
Developed international equity	16.00%	7.01%
Emerging markets equity	5.00%	8.80%
U.S core fixed income	9.90%	1.97%
High yield bonds	2.75%	4.63%
Global credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash equivalents	1.00%	0.63%
Private equity	14.00%	9.84%
Private credit	2.00%	6.48%
Unconstrained fixed income	2.20%	2.50%
REITS	3.00%	5.25%
Total	100.00%	5.80%

Discount rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2024.

The projection of cash flows used to determine the discount rate assumes plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier.² Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan FNP was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term

¹ Arithmetic real rates of return are net of inflation.

² For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included.

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expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024.

Discount rate sensitivity

The following presents the NPL of LAFPP as of June 30, 2024 calculated using the current discount rate of 7.00%, as well as what LAFPP's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Line Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Net Pension Liability	\$3,546,617,592	\$(255,356,166)	\$(3,352,623,297)

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Exhibit 3 – Schedule of changes in Net Pension Liability

Line Description	Current Year	Prior Year
Reporting and Measurement Date	June 30, 2024	June 30, 2023
Total Pension Liability		
Service cost	\$442,648,825	\$452,190,432
Interest	1,855,768,860	1,797,827,629
Change of benefit terms	0	0
Differences between expected and actual experience	258,521,746	258,373,120
Changes of assumptions	0	(262,300,500)
Benefit payments, including refunds of member contributions	(1,465,169,217)	(1,352,465,166)
Other	0	0
Net change in Total Pension Liability	\$1,091,770,214	\$893,625,515
Total Pension Liability — beginning	26,800,919,509	25,907,293,994
Total Pension Liability — ending	\$27,892,689,723	\$26,800,919,509
Plan Fiduciary Net Position		
Contributions — employer	\$480,809,810	\$481,824,295
Contributions — member	157,191,117	151,934,789
Net investment income	2,561,982,347	1,920,463,690
Benefit payments, including refunds of member contributions	(1,465,169,217)	(1,352,465,166)
Administrative expense	(24,067,735)	(22,994,197)
Other	0	0
Net change in Plan Fiduciary Net Position	\$1,710,746,322	\$1,178,763,411
Plan Fiduciary Net Position — beginning	26,437,299,567	25,258,536,156
Plan Fiduciary Net Position — ending	\$28,148,045,889	\$26,437,299,567
Net Pension Liability — ending	\$(255,356,166)	\$363,619,942
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	100.92%	98.64%
Covered payroll ¹	\$1,600,181,343	\$1,608,133,494
Plan Net Pension Liability as percentage of covered payroll	(15.96%)	22.61%

¹ Covered payroll represents payroll on which contributions to the pension plan are based.

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Exhibit 4 – Schedule of employer contributions

Year Ended June 30	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll ³
2015	\$480,332,251	\$480,332,251	\$0	\$1,314,360,387	36.54%
2016	478,385,438	478,385,438	0	1,351,788,221	35.39%
2017	454,308,852	454,308,852	0	1,397,244,974	32.51%
2018	459,631,946 ⁴	459,631,946 ⁴	0	1,451,995,822	31.66%
2019	504,877,399	504,877,399	0	1,487,977,884	33.93%
2020	516,638,053	516,638,053	0	1,509,613,198	34.22%
2021	543,818,747	543,818,747	0	1,603,349,052	33.92%
2022	535,450,402	535,450,402	0	1,598,684,776	33.49%
2023	481,824,295	481,824,295	0	1,608,133,494	29.96%
2024	480,809,810	480,809,810	0	1,600,181,343	30.05%

See accompanying notes to this schedule on the next page.

¹ The “Actuarially Determined Contribution” for year ended June 30, 2015 was determined as the “Annual Required Contribution” under GASB 25 and 27.

² Covered payroll represents payroll on which contributions to the pension plan are based.

³ Contribution rate as a percentage of payroll reflects discount applied when the employer prepays its contributions. This rate has been “backed” into by dividing the actual contributions by the covered payroll.

⁴ Excludes \$1,334,647 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Section 2: GAS 67 Information

Methods and assumptions used to establish the actuarially determined contribution for the year ended June 30, 2024

Valuation date

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

Actuarial cost method

Entry age actuarial cost method

Amortization method

Level percent of payroll

Remaining amortization period

Any changes in UAAL due to actuarial gains or losses and assumption changes are amortized over separate 20-year periods as a level percentage of payroll. Any changes in UAAL from plan amendments are amortized over separate 15-year periods as a level percentage of payroll. Any surplus is amortized over an open (non-decreasing) 30-year period.

- For Tier 1, the UAAL as of June 30, 2021 was rolled forward to June 30, 2022, and is amortized using level dollar amortization over a fixed period, with 8 years remaining as of June 30, 2022. All future UAAL attributed to Tier 1 will be amortized as described above.
- The UAAL amortization payment rate for each employer (i.e., the City, Harbor Department or Airport Department), is equal to the total of all annual amounts required to amortize the UAAL for all Tiers, and divided by the total covered payroll for the respective employer. The UAAL amortization payment for each City Tier is determined in proportion to the covered payroll for that Tier.

Asset valuation method

The actuarial value of assets is equal to the market value (or fair value) of assets less unrecognized returns from each of the last seven years. The unrecognized return each year is equal to the difference between the actual and the expected returns on the market value of assets, recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Section 2: GAS 67 Information

Actuarial assumptions

The actuarially determined contribution for the year ended June 30, 2024 is based on the results of the LAFPP June 30, 2022 Actuarial Valuation and Review of Retirement Benefits. The actuarial assumptions used in that valuation are as follows:

Assumption Type	Assumptions Used in the June 30, 2022 Valuation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation rate	2.75%
“Across-the-board” salary increase	0.50%
Salary increases	4.15% to 12.25% The above salary increases vary by service and include inflation and “across-the-board” salary increase.
Cost-of-living adjustments	2.75% For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Administrative expenses	Out of the total 1.40% of payroll in administrative expense, 1.29% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.25% of payroll payable at beginning of the year.
Other assumptions	Same as those used in the funding actuarial valuation as of June 30, 2022.

Appendix A: Projection of Plan Fiduciary Net Position

Projection of Plan Fiduciary Net Position for use in the Calculation of Discount Rate as of June 30, 2024
 (\$ in millions)

Year Beginning July 1	Beginning Plan Fiduciary Net Position (a)	Total Contributions (b)	Benefit Payments (c)	Administrative Expenses (d)	Investment Earnings (e)	Ending Plan Fiduciary Net Position (a) + (b) – (c) – (d) + (e)
2023	\$26,437	\$638	\$1,465	\$24	\$2,562	\$28,148
2024	28,148	557	1,376	21	1,953	29,261
2025	29,261	482	1,526	21	2,020	30,216
2026	30,216	471	1,632	21	2,082	31,116
2027	31,116	448	1,815	20	2,136	31,866
2028	31,866	447	1,673	20	2,194	32,815
2029	32,815	444	1,743	19	2,257	33,753
2030	33,753	439	1,814	19	2,320	34,679
2031	34,679	434	1,888	19	2,381	35,588
2032	35,588	427	1,959	19	2,442	36,478
2044	44,040	260	2,792	12	2,988	44,485
2045	44,485	240	2,848	11	3,016	44,881
2046	44,881	220	2,914	10	3,039	45,216
2047	45,216	199	2,984	9	3,059	45,480
2069	40,960	0	2,743	0 ¹	2,757	40,974
2070	40,974	0	2,674	0 ¹	2,761	41,060
2071	41,060	0	2,602	0 ¹	2,770	41,228
2072	41,228	0	2,526	0 ¹	2,784	41,486
2128	887,943	0	0 ¹	0	62,156	950,099 ²

¹ Less than \$1 million, when rounded.

² The Plan FNP of \$950,099 million has a value of \$730 million as of June 30, 2023 when discounted with interest at the rate of 7.00% per annum. This residual fair value reflects the Plan's surplus amount in future valuations offset by the rolling 30-year amortization of surplus that is over 110% of the actuarial accrued liability that reduces the employer's normal cost and contributions to fund the administrative expenses for the closed group only.

Appendix A: Projection of Plan Fiduciary Net Position

Notes

1. Amounts may not total exactly due to rounding.
2. Amounts shown in the year beginning July 1, 2023 row are actual amounts, based on the unaudited financial statements provided by LAFPP.
3. Various years have been omitted from this table.
4. **Column (a):** Except for the “discounted value” for 2128 shown in footnote two on the previous page, none of the Plan FNP amounts shown have been adjusted for the time value of money.
5. **Column (b):** Projected total contributions include member and employer normal cost contributions based on closed group projections (based on covered active members as of June 30, 2023); plus employer contributions to the UAAL, plus employer contributions to fund each year’s annual administrative expenses, based on the Plan’s funding policy. For purposes of illustration, the results contained herein reflect a rolling 30-year amortization of the surplus that is over 110% of the actuarial accrued liability that reduces the employer’s normal cost contributions for the closed group. In this illustration, we have not applied the glide path (i.e., phase out the UAAL contribution rate linearly to 0% over a certain number of years when the Plan is projected to reach full funding). The application of the glide path would result in additional projected Plan FNP to be available to make future benefit payments. Contributions are assumed to occur at the beginning of the year.
6. **Column (c):** Projected benefit payments have been determined in accordance with paragraph 39 of GASB Statement No. 67, and are based on the closed group of active, inactive and retired members and beneficiaries as of June 30, 2023. The projected benefit payments reflect the cost-of-living increase assumptions used in the June 30, 2024 valuation report. Benefit payments are assumed to occur at the beginning of each month, on average.
7. **Column (d):** Projected administrative expenses (payable at the beginning of the year) are calculated as 1.28% of projected payroll, based on the closed group of active members as of June 30, 2023. Projected administrative expenses are then adjusted to reflect the assumption that they occur halfway through the year, on average.
8. **Column (e):** Projected investment earnings are based on the assumed investment rate of return of 7.00% per annum and reflect the assumed timing of cashflows, as noted above.
9. As illustrated in this appendix, the Plan FNP was projected to be available to make all projected future benefit payments for current Plan members. In other words, there is no projected “cross-over date” when projected benefits are **not** covered by projected assets. Therefore, the long-term expected rate of return on Plan investments of 7.00% per annum was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024 shown earlier in this report, pursuant to paragraph 44 of GASB Statement No. 67.

Appendix B: Definition of Terms

Definitions of certain terms as they are used in GASB Statement No. 67. The terms may have different meanings in other contexts.

Term	Definition
Active employees	Individuals employed at the end of the reporting or measurement period, as applicable.
Actual contributions	Cash contributions recognized as additions to the Plan Fiduciary Net Position.
Actuarial present value of projected benefit payments	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial valuation	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total Pension Liability, and related actuarial present value of projected benefit payments for pensions performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial valuation date	The date as of which an actuarial valuation is performed.
Actuarially determined contribution	A target or recommended contribution to a defined benefit pension plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.
Ad hoc cost-of-living adjustments (Ad Hoc COLAs)	Cost-of-living adjustments that require a decision to grant by the authority responsible for making such decisions.
Ad hoc postemployment benefit changes	Postemployment benefit changes that require a decision to grant by the authority responsible for making such decisions.
Agent employer	An employer whose employees are provided with pensions through an agent multiple-employer defined benefit pension plan.
Agent multiple-employer defined benefit pension plan (agent pension plan)	A multiple-employer defined benefit pension plan in which pension plan assets are pooled for investment purposes but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
Automatic cost-of-living adjustments (Automatic COLAs)	Cost-of-living adjustments that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).
Automatic postemployment benefit changes	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the pension plan) or to another variable (such as an increase in the consumer price index).

Appendix B: Definition of Terms

Term	Definition
Closed period	A specific number of years that is counted from one date and declines to zero with the passage of time. For example, if the recognition period initially is five years on a closed basis, four years remain after the first year, three years after the second year, and so forth.
Contributions	Additions to the Plan Fiduciary Net Position for amounts from employers, non-employer contributing entities (for example, state government contributions to a local government pension plan), or employees. Contributions can result from cash receipts by the pension plan or from recognition by the pension plan of a receivable from one of these sources.
Cost-of-living adjustments	Postemployment benefit changes intended to adjust benefit payments for the effects of inflation.
Cost-sharing employer	An employer whose employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan.
Cost-sharing multiple employer defined benefit pension plan (Cost-sharing pension plan)	A multiple-employer defined benefit pension plan in which the pension obligations to the employees of more than one employer are pooled and pension plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.
Covered payroll	Payroll on which contributions to a pension plan are based.
Deferred retirement option program (DROP)	A program that permits an employee to elect a calculation of benefit payments based on service credits and salary, as applicable, as of the DROP entry date. The employee continues to provide service to the employer and is paid for that service by the employer after the DROP entry date; however, the pensions that would have been paid to the employee (if the employee had retired and not entered the DROP) are credited to an individual employee account within the defined benefit pension plan until the end of the DROP period.
Defined benefit pension plans	Pension plans that are used to provide defined benefit pensions.
Defined benefit pensions	Pensions for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The pensions may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (A pension that does not meet the criteria of a defined contribution pension is classified as a defined benefit pension for purposes of GASB Statement No. 67.)
Defined contribution pension plans	Pension plans that are used to provide defined contribution pensions.

Appendix B: Definition of Terms

Term	Definition
Defined contribution pensions	<p>Pensions having terms that:</p> <ol style="list-style-type: none"> 1. Provide an individual account for each employee; 2. Define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee’s account for periods in which that employee renders service; and 3. Provide that the pensions an employee will receive will depend only on the contributions (or credits) to the employee’s account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as pension plan administrative costs, that are allocated to the employee’s account.
Discount rate	<p>The single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the following:</p> <ol style="list-style-type: none"> 1. The actuarial present value of benefit payments projected to be made in future periods in which: <ol style="list-style-type: none"> a. The amount of the Plan Fiduciary Net Position is projected (under the requirements of GASB Statement No. 67) to be greater than the benefit payments that are projected to be made in that period, and b. Pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term expected rate of return, calculated using the long-term expected rate of return on pension plan investments. 2. The actuarial present value of projected benefit payments not included in 1., calculated using the municipal bond rate.
Entry age actuarial cost method	<p>A method under which the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.</p>
Inactive employees	<p>Terminated individuals that have accumulated benefits but are not yet receiving them, and retirees or their beneficiaries currently receiving benefits.</p>
Measurement period	<p>The period between the prior and the current measurement dates.</p>
Multiple-employer defined benefit pension plan	<p>A defined benefit pension plan that is used to provide pensions to the employees of more than one employer.</p>
Net Pension Liability (NPL)	<p>The liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit pension plan.</p>
Non-employer contributing entities	<p>Entities that make contributions to a pension plan that is used to provide pensions to the employees of other entities.</p>

Appendix B: Definition of Terms

Term	Definition
Other postemployment benefits	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from a pension plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Pension plans	Arrangements through which pensions are determined, assets dedicated for pensions are accumulated and managed and benefits are paid as they come due.
Pensions	Retirement income and, if provided through a pension plan, postemployment benefits other than retirement income (such as death benefits, life insurance, and disability benefits). Pensions do not include postemployment healthcare benefits and termination benefits.
Plan members	Individuals that are covered under the terms of a pension plan. Plan members generally include: <ol style="list-style-type: none"> <li data-bbox="716 605 1423 638">1. Employees in active service (active plan members), and <li data-bbox="716 646 1822 703">2. Terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment	The period after employment.
Postemployment benefit changes	Adjustments to the pension of an inactive employee.
Postemployment healthcare benefits	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected benefit payments	All benefits estimated to be payable through the pension plan to current active and inactive employees as a result of their past service and their expected future service.
Public employee retirement system	A special-purpose government that administers one or more pension plans; also may administer other types of employee benefit plans, including postemployment healthcare plans and deferred compensation plans.
Real rate of return	The rate of return on an investment after adjustment to eliminate inflation.
Service costs	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single employer	An employer whose employees are provided with pensions through a single-employer defined benefit pension plan.
Single-employer defined benefit pension plan (Single-employer pension plan)	A defined benefit pension plan that is used to provide pensions to employees of only one employer.

Appendix B: Definition of Terms

Term	Definition
Special funding situations	<p>Circumstances in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either of the following conditions exists:</p> <ol style="list-style-type: none"> 1. The amount of contributions for which the non-employer entity legally is responsible is not dependent upon one or more events or circumstances unrelated to the pensions. 2. The non-employer entity is the only entity with a legal obligation to make contributions directly to a pension plan.
Termination benefits	<p>Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.</p>
Total Pension Liability (TPL)	<p>The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB Statement No. 67.</p>

Appendix C: Retirement Rates after Adjustment for DROP Participation

As the service retirement rates we use in the funding valuation have been developed based on the later date of exit from the DROP, we have adjusted those rates in this GASB valuation so that they are based on the earlier date of first participation in the DROP. Retirement rates used in our June 30, 2024 funding valuation are shown on the following pages. Please note that those rates are applicable in the GASB valuation for actives not eligible to enter the DROP. A sample of those rates used in the GASB valuation for an active eligible to enter the DROP at age 55 are as follows:

Section 3: Appendices

Retirement Rates for June 30, 2024 Funding Valuation (%)
(also applicable to actives not eligible to enter the DROP in GASB valuation)

Age	Fire: Tiers 2 and 4	Fire: Tiers 3 and 5	Fire: Tier 6	Police: Tiers 2 and 4	Police: Tiers 3 and 5	Police: Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	20.00	14.00	10.00	35.00	22.00	22.00
56	20.00	14.00	11.00	30.00	22.00	22.00
57	20.00	14.00	13.00	30.00	22.00	22.00
58	20.00	17.00	15.00	30.00	22.00	22.00
59	20.00	20.00	18.00	30.00	25.00	25.00
60	20.00	22.00	22.00	30.00	25.00	25.00
61	20.00	25.00	25.00	30.00	25.00	25.00
62	20.00	30.00	27.00	30.00	25.00	25.00
63	25.00	35.00	35.00	30.00	30.00	30.00
64	30.00	40.00	40.00	40.00	35.00	35.00
65	40.00	45.00	45.00	50.00	45.00	45.00
66	40.00	45.00	45.00	50.00	45.00	45.00
67	40.00	45.00	45.00	50.00	45.00	45.00
68	50.00	50.00	50.00	50.00	45.00	45.00
69	50.00	50.00	50.00	50.00	45.00	45.00
70 and over	100.00	100.00	100.00	100.00	100.00	100.00

Section 3: Appendices

Sample Retirement Rates for June 30, 2024 GASB Valuation (%)
(for actives eligible to enter the DROP at 55)

Age	Fire: Tiers 2 and 4	Fire: Tiers 3 and 5	Fire: Tier 6	Police: Tiers 2 and 4	Police: Tiers 3 and 5	Police: Tier 6
41	0.00	0.00	0.00	10.00	0.00	0.00
42	0.00	0.00	0.00	10.00	0.00	0.00
43	0.00	0.00	0.00	10.00	0.00	0.00
44	0.00	0.00	0.00	10.00	0.00	0.00
45	1.00	0.00	0.00	10.00	0.00	0.00
46	1.00	0.00	0.00	7.00	0.00	0.00
47	2.00	0.00	0.00	7.00	0.00	0.00
48	2.00	0.00	0.00	7.00	0.00	0.00
49	2.00	0.00	0.00	5.00	0.00	0.00
50	3.00	1.00	2.00	10.00	9.00	7.00
51	6.00	1.00	3.00	10.00	5.00	5.00
52	10.00	1.00	3.00	15.00	5.00	5.00
53	15.00	1.00	4.00	20.00	6.00	5.00
54	20.00	5.00	5.00	32.00	13.00	17.00
55	19.07	20.79	20.71	28.11	23.54	23.54
56	19.07	23.43	23.38	27.93	23.50	23.50
57	19.07	27.83	25.13	27.93	23.47	23.47
58	23.59	32.25	32.26	27.93	27.90	27.90
59	28.03	36.56	36.55	36.73	32.39	32.39
60	36.86	40.70	40.76	45.32	41.09	41.09
61	36.50	40.39	40.45	44.87	40.69	40.69
62	36.14	40.24	40.15	44.43	40.29	40.29
63	44.74	44.47	44.47	44.00	40.14	40.14
64	44.44	44.39	44.39	44.07	40.10	40.10
65	87.00	86.60	86.60	86.20	87.03	87.03
66	2.00	2.25	2.25	2.50	2.25	2.25
67	2.00	2.25	2.25	2.50	2.25	2.25
68	2.50	2.50	2.50	2.50	2.25	2.25
69	2.50	2.50	2.50	2.50	2.25	2.25
70 and over	100.00	100.00	100.00	100.00	100.00	100.00

City of Los Angeles Fire and Police Pension Plan (LAFPP)

**Governmental Accounting Standards Board (GASB) Statement No. 74
Actuarial Valuation and Review of Other Postemployment Benefits
(OPEB) as of June 30, 2024**



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November 20, 2024

Board of Fire and Police Pension Commissioners
City of Los Angeles Fire and Police Pension Plan
701 East 3rd Street, Suite 200
Los Angeles, CA 90013

Dear Board Members:

We are pleased to submit this Governmental Accounting Standards Board Statement No. 74 (GASB 74) Actuarial Valuation of Other Postemployment Benefits (OPEB) measured as of June 30, 2024. It contains various information that will need to be disclosed in order to comply with GASB 74. The report summarizes the actuarial data used in the valuation, discloses the Net OPEB Liability, and analyzes the preceding year's experience.

This report has been prepared in accordance with generally accepted actuarial principles and practices for the exclusive use and benefit of the Board, based upon information provided by Los Angeles Fire and Police Pensions (LAFPP).

The measurements shown in this actuarial valuation may not be applicable for other purposes. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

The actuarial calculations were completed under the supervision of Andy Yeung, ASA, MAAA, FCA, EA and Mehdi Riazi, FSA, MAAA, FCA, EA. The health care trend and other related medical assumptions have been reviewed by Mary Kirby, FSA, MAAA, FCA. We are members of the American Academy of Actuaries and collectively meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. To the best of our knowledge, the information supplied in this actuarial valuation is complete and accurate. The assumptions used in this valuation were selected by the Board based upon our analysis and recommendations. In our opinion, the assumptions are reasonably related to the experience of and the expectations for the Plan.

Segal makes no representation or warranty as to the future status of the Plan and does not guarantee any particular result. This document does not constitute legal, tax, accounting or investment advice or create or imply a fiduciary relationship. The Board is encouraged to discuss any issues raised in this report with the Plan's legal, tax and other advisors before taking, or refraining from taking, any action.

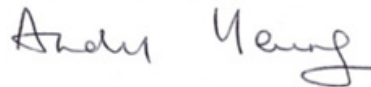
We look forward to reviewing this report with you and to answering any questions.

Sincerely,

Segal



Todd Tauzer, FSA, MAAA, CERA, FCA
Senior Vice President and Actuary



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



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



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

PP/jl

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Section 1: Actuarial Valuation Summary

Purpose and basis

This report presents the results of our actuarial valuation of the City of Los Angeles Fire and Police Pension (“LAFPP”) OPEB plan as of June 30, 2024, required by Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may be significantly different from the results reported here. This valuation is based on:

- The benefit provisions of the OPEB Plan, as administered by the Board of Commissioners;
- The characteristics of covered active, terminated vested members, and retired members and beneficiaries as of June 30, 2024, provided by LAFPP;
- The assets of the Plan as of June 30, 2024, provided by LAFPP;
- Economic assumptions regarding future salary increases and investment earnings adopted by the Board for the June 30, 2024 valuation; and
- Other (health and non-health) actuarial assumptions, regarding employee terminations, retirement, death, health care trends and enrollment, etc. adopted by the Board for the June 30, 2024 valuation.

General observations on the GASB 74 Actuarial Valuation

1. The Governmental Accounting Standards Board (GASB) rules only define OPEB liability and expense for financial reporting purposes, they do not apply to contribution amounts for OPEB funding purposes. Employers and plans should continue to develop and adopt funding policies under current practices.
2. When measuring OPEB liability, GASB uses the same actuarial cost method (Entry Age method) and, for benefits that are being fully funded on an actuarial basis, the same type of discount rate (expected return on assets) as LAFPP uses for funding. This means that the Total OPEB Liability (TOL) measure for financial reporting shown in this report is determined on the same basis as the Actuarial Accrued Liability (AAL) measure for funding.

Section 1: Actuarial Valuation Summary

3. The Net OPEB Liability (NOL) is equal to the difference between the TOL and the Plan Fiduciary Net Position (FNP). The Plan FNP is equal to the fair value of assets and therefore, the NOL measure is very similar to an Unfunded Actuarial Accrued Liability (UAAL) calculated on a market value basis. The NOL reflects all investment gains and losses as of the measurement date. This is different from the UAAL on an actuarial value of assets basis in the funding valuation that reflects investment gains and losses over a seven-year period.

Highlights of the valuation

1. The NOLs measured as of June 30, 2024 and 2023 have been determined from the valuations as of June 30, 2024, and 2023, respectively.
2. The NOL has decreased from \$848 million as of June 30, 2023 to \$815 million as of June 30, 2024 mainly due to an investment gain¹ from actual returns of about 9.45% (compared to the expected investment rate return of 7.00%). The investment gain was partially offset by updates to the trend assumptions from the anticipated impact of the Inflation Reduction Act on the plan's 2025-2026 Medicare plan premiums, and to reflect higher trend expectations for the Part B premium reimbursements. Changes in the NOL values during the last two fiscal years ending June 30, 2024 and June 30, 2023 can be found in Section 2.
3. The discount rate used in the valuation for financial disclosure purposes as of June 30, 2024 is the assumed investment return on Plan assets (e.g. 7.00% for the June 30, 2024 funding valuation). As contributions that are required to be made by the City to amortize the Unfunded Actuarial Accrued Liability in the funding valuation are determined on an actuarial basis, the future Actuarially Determined Contributions and current Plan assets, when projected in accordance with the method prescribed by GASB 74, are expected to be sufficient to make all benefit payments to current members.

¹ The investment return calculated for the OPEB Plan was 9.45% (net of investment expenses only). This is slightly lower than the 9.77% investment return calculated for the Retirement Plan. Both of these returns have been calculated by Segal on a dollar-weighted basis taking into account the beginning of year assets, contributions, and benefit cash flows made during the year. In backing into a rate of return using actual investment income and investment expense as provided by LAFPP, we could come up with a different return for the two Plans if: (a) the timing of the actual cash flows (especially the benefit payments) are different from what we assumed and/or (b) the actual income and expense allocated are different when compared to the proportion of the assets in the two Plans.

Section 1: Actuarial Valuation Summary

Summary of key valuation results

Valuation Result	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Disclosure elements for Plan Year ending June 30:		
Service Cost ¹	\$83,191,273	\$77,652,864
Total OPEB Liability	4,066,715,913	3,815,026,871
Plan Fiduciary Net Position (Assets)	3,251,841,341	2,966,815,106
Net OPEB Liability	814,874,572	848,211,765
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	79.96%	77.77%
Schedule of contributions for Plan Year ending June 30:		
Actuarially determined contributions	\$164,560,300	\$186,418,480
Actual contributions	164,560,300	186,418,480
Contribution deficiency/(excess)	0	0
Demographic data as of June 30:		
Number of retired members, married dependents and beneficiaries receiving a health subsidy	19,283	18,753
Number of vested terminated members, retirees and beneficiaries entitled to, but not yet receiving, benefits	984	1,017
Number of active members	12,369	12,571

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2024 and 2023 values are based on the valuations as of June 30, 2023 and June 30, 2022, respectively.

Section 1: Actuarial Valuation Summary

Valuation Result	Current	Prior
Key assumptions		
Discount rate	7.00%	7.00%
Health care premium trend rates		
• Non-Medicare medical plans	7.00% graded to 4.50% ultimate over 10 years	7.25% graded to 4.50% ultimate over 11 years
• Non-Medicare maximum subsidy	7.00% graded to 4.50% ultimate over 10 years	7.00% for 2 years, then 6.75% graded to 4.50% ultimate over 9 years
• Medicare medical plans	10.00%, then 6.50% graded to 4.50% ultimate over 8 years	6.50% graded to 4.50% ultimate over 8 years
• Medicare maximum subsidy	5.90%, then 6.50% graded to 4.50% over 8 years	7.00% for 2 years, then 6.75% graded to 4.50% ultimate over 9 years
• Dental	3.00%	3.00%
• Medicare Part B	6.20% for 9 years, then 5.75% graded to 4.50% ultimate over 5 years	Actual premium increase in the first year, then 4.50% ultimate

Note to footnote 1 from prior page

The key assumptions used in the June 30, 2022 valuation are as follows:

- Discount Rate: 7.00%
- Health care premium trend rates
 - Non-Medicare medical plan 7.25% graded to 4.50% ultimate over 11 years
 - Medicare medical plan 6.50% graded to 4.50% ultimate over 8 years
 - Dental 3.00%
 - Medicare Part B Actual premium increase in the first year, then 4.50% ultimate

Section 1: Actuarial Valuation Summary

Important information about actuarial valuations

An actuarial valuation is a budgeting tool with respect to defining future uncertain obligations of a postretirement health plan. As such, it will never forecast the precise future stream of benefit payments. It is an estimated forecast – the actual cost of the plan will be determined by the benefits and expenses paid, not by the actuarial valuation.

In order to prepare a valuation, Segal relies on a number of input items. These include:

Input Item	Description
Plan of benefits	Plan provisions define the rules that will be used to determine benefit payments, and those rules, or the interpretation of them, may change over time. Even where they appear precise, outside factors may change how they operate. For example, a plan may provide health benefits to post-65 retirees that coordinates with Medicare. If so, changes in the Medicare law or administration may change the plan's costs without any change in the terms of the plan itself. It is important for LAFPP to keep Segal informed with respect to plan provisions and administrative procedures, and to review the plan summary included in our report to confirm that Segal has correctly interpreted the plan of benefits.
Participant data	An actuarial valuation for a plan is based on data provided to the actuary by LAFPP. Segal does not audit such data for completeness or accuracy, other than reviewing it for obvious inconsistencies compared to prior data and other information that appears unreasonable. It is not necessary to have perfect data for an actuarial valuation: the valuation is an estimated forecast, not a prediction. The uncertainties in other factors are such that even perfect data does not produce a "perfect" result. Notwithstanding the above, it is important for Segal to receive the best possible data and to be informed about any known incomplete or inaccurate data.
Assets	This valuation is based on the fair value of assets as of the valuation date, as provided by LAFPP.
Actuarial assumptions	In preparing an actuarial valuation, Segal projects the benefits to be paid to existing plan participants for the rest of their lives and the lives of their beneficiaries. To determine the future costs of benefits, Segal collects premiums and enrollment data in order to establish a baseline cost for the valuation measurement, and then develops short- and long-term health care cost trend rates to project increases in costs in future years. This forecast also requires actuarial assumptions as to the probability of death, disability, withdrawal, and retirement of each participant for each year, as well as forecasts of the plan's benefits for each of those events. The forecasted benefits are then discounted to a present value, typically based on an estimate of the rate of return that will be achieved on the plan's assets or, if there are no assets, a rate of return based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). All of these factors are uncertain and unknowable. Thus, there will be a range of reasonable assumptions, and the results may vary materially based on which assumptions the actuary selects within that range. That is, there is no right answer (except with hindsight). It is important for any user of an actuarial valuation to understand and accept this constraint. The actuarial model necessarily uses approximations and estimates that may lead to significant changes in our results but will have no impact on the actual cost of the plan. In addition, the actuarial assumptions may change over time, and while this can have a significant impact on the reported results, it does not mean that the previous assumptions or results were unreasonable or wrong.

Section 1: Actuarial Valuation Summary

Input Item	Description
Models	<p>Segal accounting results are based on proprietary actuarial modeling software. The accounting valuation models generate a comprehensive set of liability and cost calculations that are presented to meet accounting standards and client requirements. Our Actuarial Technology and Systems unit, comprising both actuaries and programmers, is responsible for the initial development and maintenance of these models. The models have a modular structure that allows for a high degree of accuracy, flexibility and user control. The client team programs the assumptions and the plan provisions, validates the models, and reviews test lives and results, under the supervision of the responsible actuaries.</p> <p>Our claims costs assumptions are based on proprietary modeling software as well as models that were developed by others. These models generate per capita claims cost calculations that are used in our valuation software. Our Health Technical Services Unit, comprised of actuaries and programmers, is responsible for the initial development and maintenance of our health models. They are also responsible for testing models that we purchase from other vendors for reasonableness. The client team inputs the paid claims, enrollments, plan provisions and assumptions into these models and reviews the results for reasonableness, under the supervision of the responsible actuaries.</p>

The user of Segal's actuarial valuation (or other actuarial calculations) should keep the following in mind:

- The actuarial valuation is prepared for use by LAFPP. It includes information for compliance with accounting standards and for the plan's auditor. Segal is not responsible for the use or misuse of its report, particularly by any other party.
- If LAFPP is aware of any event or trend that was not considered in this valuation that may materially change the results of the valuation, Segal should be advised, so that we can evaluate it.
- An actuarial valuation is a measurement at a specific date – it is not a prediction of a plan's future financial condition. Accordingly, Segal did not perform an analysis of the potential range of financial measurements, except where otherwise noted. The actual long-term cost of the plan will be determined by the actual benefits and expenses paid and the actual investment experience of the plan.
- Sections of this report include actuarial results that are not rounded, but that does not imply precision.
- Critical events for a plan include, but are not limited to, decisions about changes in benefits and contributions. The basis for such decisions needs to consider many factors such as the risk of changes in plan enrollment, emerging claims experience, health care trend, and investment losses, not just the current valuation results.
- Segal does not provide investment, legal, accounting, or tax advice and is not acting as a fiduciary to the Plan. This valuation is based on Segal's understanding of applicable guidance in these areas and of the Plan's provisions, but they may be subject to alternative interpretations. The Board should look to their other advisors for expertise in these areas.

Section 1: Actuarial Valuation Summary

- While Segal maintains extensive quality assurance procedures, an actuarial valuation involves complex computer models and numerous inputs. In the event that an inaccuracy is discovered after presentation of Segal's valuation, Segal may revise that valuation or make an appropriate adjustment in the next valuation.
- Segal's report shall be deemed to be final and accepted by LAFPP upon delivery and review. LAFPP should notify Segal immediately of any questions or concerns about the final content.

Section 2: GASB 74 Information

General information about the OPEB plan

Plan description

Plan administration. The City of Los Angeles Fire and Police Pensions (LAFPP) was established by the City of Los Angeles in 1899. LAFPP is a single employer public employee retirement system whose main function is to provide retirement benefits to the safety members employed by the City of Los Angeles. It should be noted that there are three member categories in LAFPP: (1) the Harbor Port Police (an enterprise fund), (2) the Airport Department (an enterprise fund) and (3) the other members associated with the City’s Fire and Police Departments.

Under provisions of the City Charter, the City Administrative Code and the State Constitution, the Board has the responsibility and authority to administer the Plan and to invest its assets. The Fire and Police Pension Plan is administered by a Board of Commissioners composed of:

- five commissioners who are appointed by the Mayor,
- two commissioners elected by Police Members of the Plan, and
- two commissioners elected by Fire Members of the Plan.

Plan membership. At June 30, 2024, OPEB plan membership consisted of the following:

Membership	Count
Retired members, married dependents, and beneficiaries currently receiving benefits	19,283
Vested terminated members entitled to but not yet receiving benefits	984
Active members ¹	12,369
Total	32,636

¹ The 12,369 active member count includes 1,300 DROP members.

Section 2: GASB 74 Information

Benefits provided

LAFPP provides OPEB benefits to eligible sworn members of the Los Angeles Fire and Police Departments, Harbor Port Police and Airport Department. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. There are currently six tiers applicable to members of the LAFPP. Tier 1 includes members hired on or before January 28, 1967. Tier 2 includes members hired from January 29, 1967 through December 7, 1980, and those Tier 1 members who transferred to Tier 2 during the enrollment period of January 29, 1967 to January 29, 1968. Tier 3 includes members hired from December 8, 1980 through June 30, 1997 and those Tier 4 members hired during the period of July 1, 1997 through December 31, 1997 who elected to transfer to Tier 3 by the enrollment deadline of June 30, 1998. Tier 4 includes members hired from July 1, 1997 through December 31, 2001 and those Tier 3 members who elected to transfer to Tier 4 by the enrollment deadline of June 30, 1998. Tier 5 includes members hired from January 1, 2002 through June 30, 2011 and those active members of Tiers 2, 3, or 4 who elected to transfer to Tier 5 during the enrollment period of January 2, 2002 through June 30, 2002. Tier 6 was established for all firefighters and police officers hired on or after July 1, 2011. Tier 1, Tier 2, and Tier 4 members are eligible to retire once they attain 20 years of service. Tier 3 members are eligible to retire once they reach age 50 and have attained 10 or more years of service. Tier 5 and Tier 6 members are eligible to retire once they reach age 50 and have attained 20 or more years of service.

LAFPP provides the following benefits to eligible members:

Implicit Subsidy

Fire Kaiser non-Medicare retirees are charged a premium that reflects blending with active employees. The difference between the retiree-only cost and the blended premium is the implicit subsidy.

Subsidy for Members Not Eligible for Medicare A & B

Eligibility:

Retired Members who retired with 10 or more years of service, or Tier 6 Service-Connected Disability retirees with less than 10 years of service and at least 55 years of age. Benefits commence no earlier than age 55. Subsidy is paid only to Members on service or disability retirements.

Surviving spouses and surviving domestic partners are eligible for health benefits upon the Member's date of death if the Member had attained age 55 prior to death. Otherwise, health benefits for survivors shall commence on the date that the Member would have reached age 55.

Section 2: GASB 74 Information

Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.

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 the Board's approved health carrier. Tier 6 Service-Connected Disability retirees with less than 10 years of service may receive the lesser of 40% of the Maximum Subsidy or 40% of the single-party cost of their medical plan.

Maximum Subsidy:

As of July 1, 2024, maximum is \$2,241.39 per month. For surviving spouse/domestic partner, the maximum subsidy is \$1,051.78 per month.

Increase in Subsidy:

For employees not subject to freeze, the Board's health subsidy amount may increase by the lesser of 7% or non-Medicare trend as shown in the Summary of Key Valuation Results on page 8.

Dependent Portion:

Difference between basic subsidy maximum amount and single-party premium.

Subsidy for Members Eligible for Medicare A & B

Eligibility:

Retired Members over age 65 with 10 or more years of service who participate in Medicare or Tier 6 Service-Connected Disability retirees with less than 10 years of service, over age 65, who participate in Medicare.

Section 2: GASB 74 Information

Amount of Subsidy:

For retirees, health subsidy is provided subject to the following vesting schedule:

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

Tier 6 Service-Connected Disability Retirees with less than 10 years of service may receive the lesser of 75% of the Maximum Medicare Subsidy or 75% of the single-party cost of their medical plan.

Surviving spouses or surviving domestic partners are eligible for benefits upon the death of the Member. Surviving spouses or surviving domestic partners of Tier 6 Service-Connected Disability Retirees with less than 10 years of service do not qualify for a health subsidy.

Maximum Subsidy:

As of July 1, 2024, the single coverage maximum subsidy for retirees and surviving spouse/domestic partner is \$549.16. The multi-person coverage maximum subsidy depends on the carrier elected and coverage tier.

The Board's health subsidy amount may:

- For Medicare retirees with single party premium, increase with Medicare medical plan trend,
- For Medicare retirees with 2-party premium less than or equal to the maximum subsidy as of July 1, 2024 (e.g., Fire Kaiser), increase with Medicare medical plan trend, and
- For Medicare retirees with 2-party premium greater than the maximum subsidy as of July 1, 2024 (e.g., Police Blue Cross), increase based on a combination of Medicare maximum subsidy trend and the Medicare plan trend for that particular health plan.

Dependent 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 an under 65 or Part B/D only subsidy, whichever is greater, providing such subsidy does not exceed the civilian retiree dependent subsidy.

Section 2: GASB 74 Information

Subsidy Freeze:

The retiree health benefits program was changed to freeze the medical subsidy for nonretired members not enrolled in the DROP as of July 14, 2011 who did not begin to contribute an additional 2% of base salary to the Pension Plan.

- The frozen subsidy is different for Medicare and non-Medicare retirees.
- The freeze applies to the medical subsidy limits in effect for the 2011-2012 plan year.
- The freeze does not apply to the dental subsidy or the Medicare Part B premium reimbursement.

Medicare Part B Premium - Related Subsidy

For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provides payment of Part B premiums (\$174.70 for calendar year 2024 and projected to be \$185.53 for calendar year 2025, for all eligible retirees and beneficiaries).

Dental Subsidy

Eligibility:

Retired Members who retired with 10 or more years of service. Benefits commence no earlier than age 55. 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 Board approved dental carrier.

Maximum Subsidy:

Lesser of monthly amount paid to active Fire and Police Members and retired City Employees' Retirement System (CERS) Members. As of July 1, 2024, maximum is \$42.93 per month.

Retiree Contributions

To the extent the subsidies are less than the medical or dental premiums, the retiree contributes the cost difference.

Section 2: GASB 74 Information

Net OPEB liability

Component	Current	Prior
Measurement date	June 30, 2024	June 30, 2023
Components of the Net OPEB Liability		
Total OPEB Liability	\$4,066,715,913	\$3,815,026,871
Plan Fiduciary Net Position	3,251,841,341	2,966,815,106
Net OPEB Liability	\$814,874,572	\$848,211,765
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	79.96%	77.77%

The NOL was measured as of June 30, 2024 and 2023. The Plan FNP was valued as of the measurement dates and the TOL was determined based upon the results of the funding actuarial valuations as of June 30, 2024 and 2023.

Plan Provisions: The plan provisions used in the measurement of the NOL as of June 30, 2024 and 2023 are the same as those used in LAFPP funding valuations as of June 30, 2024 and 2023, respectively. We understand that there is a ballot measure which if approved by the voters would allow certain Los Angeles City Employees' Retirement System active members to be transferred to LAFPP so that those members would receive Safety benefits available under LAFPP. However, as that measure has not been approved as of the date of preparation of this report, we have not reflected the financial impact of the transfer in this report.

Actuarial assumptions: The TOL as of June 30, 2024 was determined by the actuarial valuation as of June 30, 2024. The actuarial assumptions used for the June 30, 2024 valuation were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letter dated August 28, 2024. The assumptions used in the June 30, 2024 funding OPEB actuarial valuation for LAFPP were applied to all periods included in the measurement.

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Assumption Type	Assumption
Inflation	2.50%
Across-the-board pay increase:	0.50%
Salary increases	Ranges from 3.90% to 12.00% based on years of service, including inflation and across-the-board pay increase
Investment rate of return	7.00%, net of OPEB Plan investment expense, including inflation
Health care cost trend rates	
Non-Medicare medical plan	7.00% graded to 4.50% ultimate over 10 years
Medicare medical plan	10.00%, then 6.50% graded to 4.50% ultimate over 8 years
Dental/Vision	3.00% for all years
Medicare Part B	6.20% for 9 years, then 5.75% graded to ultimate 4.50% over 5 years
Other assumptions	Same as those used in the June 30, 2024 funding actuarial valuation

The TOL as of June 30, 2023 was determined by the actuarial valuation as of June 30, 2023. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letter dated August 29, 2023. They are the same as the assumptions used in the June 30, 2023 funding actuarial valuation. In particular, the following actuarial assumptions were applied to all periods included in the measurement:

Assumption Type	Assumption
Inflation	2.50%
Across-the-board pay increase:	0.50%
Salary increases	Ranges from 3.90% to 12.00% based on years of service, including inflation and across-the-board pay increase
Investment rate of return	7.00%, net of OPEB Plan investment expense, including inflation
Health care cost trend rates	
Non-Medicare medical plan	7.25% graded to 4.50% ultimate over 11 years
Medicare medical plan	6.50% graded to 4.50% ultimate over 8 years
Dental/Vision	3.00% for all years
Medicare Part B	5.20%, then 4.50% thereafter
Other assumptions	Same as those used in the June 30, 2023 funding actuarial valuation

Section 2: GASB 74 Information

Determination of discount rate and investment rates of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighting the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is fully adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, is summarized in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2024 and June 30, 2023. This information will be subject to change every three years based on the actuarial experience study.

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Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%
Developed International Equity	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%
High Yield Bonds	2.75%	4.63%
Global Credit	2.75%	0.89%
TIPS	4.40%	1.77%
Real Estate	7.00%	3.86%
Commodities	1.00%	4.21%
Cash Equivalents	1.00%	0.63%
Private Equity	14.00%	9.84%
Private Credit	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%
REITS	3.00%	5.25%
Total	100.00%	5.80%

Discount rate: The discount rate used to measure the TOL was 7.00% as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the LAFPP OPEB Plan FNP was projected to be available to make all projected future benefits payments for current plan members. Therefore the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2024 and June 30, 2023.

Section 2: GASB 74 Information

Discount rate and trend sensitivity

Sensitivity of the Net OPEB Liability to changes in the discount rate: The following presents the NOL of LAFPP as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what LAFPP's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

Item	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability as of June 30, 2024	\$1,422,652,887	\$814,874,572	\$324,035,596

Sensitivity of the Net OPEB liability to changes in the health care cost trend rate: The following presents the NOL of LAFPP as of June 30, 2024, calculated using the current trend rate as well as what LAFPP's NOL would be if it were calculated using health care cost trend rates that were 1-percentage-point lower or 1-percentage-point higher than the current health care trend rates.

Item	1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates ¹	1% Increase in Health Care Cost Trend Rates
Net OPEB Liability as of June 30, 2024	\$305,891,045	\$814,874,572	\$1,456,287,982

¹ Current trend rates: 7.00%, then graded down to 4.50% over 10 years for non-Medicare premium and subsidy amounts. 10.00%, then 6.50% graded down to 4.50% over 8 years for Medicare premiums. 5.90%, then 6.50% graded down to 4.50% over 8 years for maximum Medicare subsidy. 3.00% for all years for dental. 6.20% for 9 years, then 5.75% graded down to 4.50% over 5 years for Medicare Part B premium cost.

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Schedule of changes in Net OPEB Liability – Last two fiscal years

Schedule of changes in Net OPEB Liability	Current	Prior
Measurement date	June 30 2024	June 30 2023
Total OPEB Liability		
Service cost ¹	\$83,191,273	\$77,652,864
Interest	267,220,622	255,592,946
Change of benefit terms	0	0
Differences between expected and actual experience	618,671	18,082,420
Changes of assumptions	64,999,369	(31,715,725)
Benefit payments, including refunds of member contributions	(164,340,893)	(153,917,921)
Net change in Total OPEB Liability	\$251,689,042	\$165,694,584
Total OPEB Liability – beginning	3,815,026,871	3,649,332,287
Total OPEB Liability – ending	\$4,066,715,913	\$3,815,026,871
Plan Fiduciary Net Position		
Contributions – employer	\$164,560,300	\$186,418,480
Contributions – employee	0	0
Net investment income	287,507,729	214,763,471
Benefit payments, including refunds of member contributions	(164,340,893)	(153,917,921)
Administrative expense	(2,700,901)	(2,571,417)
Other	0	0
Net change in Plan Fiduciary Net Position	\$285,026,235	\$244,692,613
Plan Fiduciary Net Position – beginning	2,966,815,106	2,722,122,493
Plan Fiduciary Net Position – ending	\$3,251,841,341	\$2,966,815,106

¹ The service cost is based on the previous year's valuation, meaning the June 30, 2024 and 2023 values are based on the valuations as of June 30, 2023 and June 30, 2022, respectively.

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Schedule of changes in Net OPEB Liability	Current	Prior
Net OPEB Liability		
Net OPEB Liability – beginning	\$848,211,765	\$927,209,794
Net OPEB Liability - ending	814,874,572	848,211,765
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	79.96%	77.77%
Covered employee payroll ¹	\$1,600,181,343	\$1,608,133,494
Plan Net OPEB Liability as percentage of covered payroll	50.92%	52.75%

Notes to Schedule:

Benefit changes: None.

Assumption changes: Updates were made to the valuation year starting costs and future trend rates. These changes increased the Total OPEB Liability.

¹ Covered payroll represents payroll on which contributions to the OPEB plan are based.

Section 2: GASB 74 Information

Schedule of employer contributions – last ten fiscal years

Year Ended June 30	Actuarially Determined Contributions ¹	Contributions in Relation to the Actuarially Determined Contributions ¹	Contribution Deficiency / (Excess)	Covered Payroll ²	Contributions as a Percentage of Covered Payroll ³
2015	\$148,476,512	\$148,476,512	\$0	\$1,314,360,387	11.30%
2016	150,315,374	150,315,374	0	1,351,788,221	11.12%
2017	165,170,422	165,170,422	0	1,397,244,974	11.82%
2018	178,462,244	178,462,244 ⁴	0	1,451,995,822	12.29%
2019	188,019,917	188,019,917	0	1,487,977,884	12.64%
2020	193,213,520	193,213,520	0	1,509,613,198	12.80%
2021	200,424,568	200,424,568	0	1,603,349,052	12.50%
2022	193,139,555	193,139,555	0	1,598,684,776	12.08%
2023	186,418,480	186,418,480	0	1,608,133,494	11.59%
2024	164,560,300	164,560,300	0	1,600,181,343	10.28%

See accompanying notes to this schedule on next page.

¹ Payable as of July 15.

² Covered payroll represents payroll on which contributions to the OPEB plan are based.

³ Contribution rate as a percentage of payroll reflects discount applied when the employer prepays its contributions. This rate has been “backed” into by dividing the actual contributions by the budgeted covered payroll.

⁴ Excludes \$517,068 transferred from LACERS for the Airport Police members who elected to join LAFPP Tier 6.

Section 2: GASB 74 Information

Notes to Schedule:

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

The assumptions used in establishing the ADC for the year ended June 30, 2024 were based on the June 30, 2022 funding valuation.

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method:

Entry Age Actuarial Cost Method (individual basis)

Amortization Method:

For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).

Remaining Amortization Period:

Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.

Asset Valuation Method:

The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.

Section 2: GASB 74 Information

Actuarial Assumptions:

The actuarially determined contribution for the year ended June 30, 2024 is based on the results of LAFPP's June 30, 2022 Actuarial Valuation of Other Postemployment Benefits.

Assumption Type	Assumptions used in the June 30, 2022 valuation
Investment rate of return	7.00%, net of investment expenses, including inflation
Inflation rate	2.75%
Administrative expenses	Out of the total 1.40% of payroll in administrative expense, 0.11% of payroll payable biweekly is allocated to the OPEB Plan. This is equal to 0.11% of payroll payable at beginning of the year.
Real across-the-board salary increase:	0.50%
Projected salary increases ¹	Ranges from 4.15% to 12.25% based on years of service, including inflation and across-the-board salary increases
Health care cost trend rates	
Non-Medicare medical plan	7.25% graded to 4.50% ultimate over 11 years
Medicare medical plan	6.50% graded to 4.50% ultimate over 8 years
Dental/Vision	3.00% for all years
Medicare Part B	0.66%, then 4.50% thereafter
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

¹ Includes inflation at 2.50% plus across the board salary increases of 0.50% plus merit and promotional increases.

Section 3: Appendices

Appendix A: Definition of Terms

Definitions of certain terms as they are used in Statement 74. The terms may have different meanings in other contexts.

Term	Definition
Actuarial Present Value of Projected Benefit Payments:	Projected benefit payments discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.
Actuarial Valuation:	The determination, as of a point in time (the actuarial valuation date), of the service cost, Total OPEB Liability, and related actuarial present value of projected benefit payments for OPEB performed in conformity with Actuarial Standards of Practice unless otherwise specified by the GASB.
Actuarial Valuation Date:	The date at which the actuarial valuation is performed.
Assumptions or Actuarial Assumptions:	<p>The estimates on which the cost of the Plan is calculated including:</p> <ul style="list-style-type: none"> a. Investment return — the rate of investment yield that the Plan will earn over the long-term future; b. Mortality rates — the death rates of employees and retirees; life expectancy is based on these rates; c. Retirement rates — the rate or probability of retirement at a given age; d. Turnover rates — the rates at which employees of various ages are expected to leave employment for reasons other than death, disability, or retirement.
Actuarially Determined Contribution:	A target or recommended contribution to an OPEB plan for the reporting period based on the most recent measurement available.
Automatic Postemployment Benefit Changes:	Postemployment benefit changes that occur without a requirement for a decision to grant by a responsible authority, including those for which the amounts are determined by reference to a specified experience factor (such as the earnings experience of the OPEB plan) or to another variable (such as an increase in healthcare premiums).
Covered Payroll:	The payroll of the employees that are provided OPEB benefits.
Other Postemployment Benefits (OPEB):	All postemployment benefits other than retirement income (such as death benefits, life insurance, disability, and long-term care) that are provided separately from an OPEB plan, as well as postemployment healthcare benefits, regardless of the manner in which they are provided. Other postemployment benefits do not include termination benefits.
Defined Benefit OPEB Plans:	OPEB plans that are used to provide defined benefit OPEB.

Section 3: Appendices

Term	Definition
Defined Benefit OPEB:	OPEB for which the income or other benefits that the employee will receive at or after separation from employment are defined by the benefit terms. The OPEB may be stated as a specified dollar amount or as an amount that is calculated based on one or more factors such as age, years of service, and compensation. (OPEB that does not meet the criteria of a defined contribution OPEB is classified as a defined benefit OPEB for purposes of Statement 74.)
Defined Contribution OPEB Plans:	OPEB plans that are used to provide defined contribution OPEB.
Defined Contribution OPEB:	OPEB having terms that (1) provide an individual account for each employee; (2) define the contributions that an employer is required to make (or the credits that it is required to provide) to an active employee's account for periods in which that employee renders service; and (3) provide that the OPEB an employee will receive will depend only on the contributions (or credits) to the employee's account, actual earnings on investments of those contributions (or credits), and the effects of forfeitures of contributions (or credits) made for other employees, as well as OPEB plan administrative costs, that are allocated to the employee's account.
Discount Rate:	The single rate of return, that when applied to all projected benefit payments results in an actuarial present value that is the sum of the following: <ul style="list-style-type: none"> a. the actuarial present value of projected benefit payments projected to be funded by plan assets using a long term rate of return, and b. the actuarial present value of projected benefit payments that are not included in (a) using a yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.
Entry Age Actuarial Cost Method:	An actuarial cost method where the present value of the projected benefits for an individual is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.
OPEB Plans:	Arrangements through which OPEB are determined, assets dedicated for OPEB are accumulated and managed and benefits are paid as they come due.
Multiple-Employer Defined Benefit OPEB Plan:	A defined benefit OPEB plan that is used to provide OPEB to the employees of more than one employer.
Cost-Sharing Multiple-Employer Defined Benefit OPEB Plan (Cost-Sharing OPEB Plan):	A multiple-employer defined benefit OPEB plan in which the OPEB obligations to the employees of more than one employer are pooled and OPEB plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.
Healthcare Cost Trend Rates:	The rate of change in per capita health costs over time.
Net OPEB Liability (NOL):	The Total OPEB Liability less the Plan Fiduciary Net Position.
Plan Fiduciary Net Position:	Market Value of Assets.

Section 3: Appendices

Term	Definition
Plan Members:	Individuals that are covered under the terms of an OPEB plan. Plan members generally include (1) employees in active service (active plan members) and (2) terminated employees who have accumulated benefits but are not yet receiving them and retirees or their beneficiaries currently receiving benefits (inactive plan members).
Postemployment:	The period after employment.
Postemployment Benefit Changes:	Adjustments to the OPEB of an inactive employee.
Postemployment Healthcare Benefits:	Medical, dental, vision, and other health-related benefits paid subsequent to the termination of employment.
Projected Benefit Payments:	All benefits estimated to be payable through the OPEB plan to current active and inactive employees as a result of their past service and their expected future service.
Public Employee Retirement System:	A special-purpose government that administers one or more OPEB plans; also may administer other types of employee benefit plans, retirement income plans and deferred compensation plans.
Real Rate of Return:	The rate of return on an investment after removing inflation.
Service Costs:	The portions of the actuarial present value of projected benefit payments that are attributed to valuation years.
Single-Employer Defined Benefit OPEB Plan (Single-Employer OPEB Plan):	A defined benefit OPEB plan that is used to provide OPEB to employees of only one employer.
Termination Benefits:	Inducements offered by employers to active employees to hasten the termination of services, or payments made in consequence of the early termination of services. Termination benefits include early-retirement incentives, severance benefits, and other termination-related benefits.
Total OPEB Liability (TOL):	The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of Statement No. 74.

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