125 YEARS Since 1899

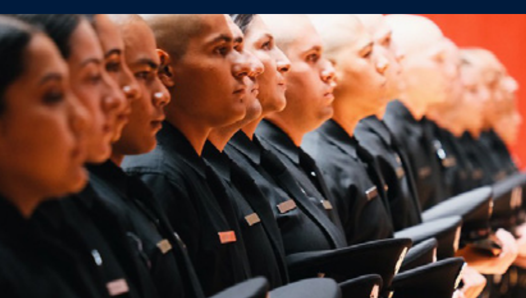
LAFPP

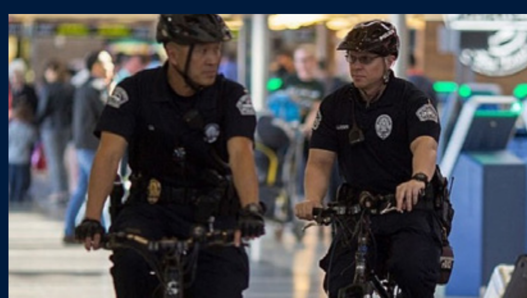
To Serve Those Who Protect

LOS ANGELES FIRE AND POLICE PENSIONS

Los Angeles Fire and Police Pensions

2024 ANNUAL REPORT





Celebrating 125 YEARS

Mike Meadows Photo

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Celebrating 125 YEARS

SECTION 1
INTRODUCTION

1899

Celebrating 125 YEARS

LETTER OF TRANSMITTAL

TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

June 30, 2024

This year marks the 125th anniversary of Los Angeles Fire and Police Pensions (LAFPP) - a milestone that reflects over a century of dedication to the financial security of our members. As stewards of this institution, it is important to recognize the significance of this anniversary and the legacy it represents.

The roots of pension plans in the United States date back to the late 19th century. In 1875, the American Express Company established the first private pension plan, followed by public pension systems like LAFPP. These plans emerged as a response to a critical need: to provide financial stability for employees who dedicated their working years to building organizations, industries, and communities, but often faced uncertainty in retirement.

Public pension plans, in particular, were created to ensure that government employees - teachers, police officers, firefighters, and other public servants - could retire with dignity and security. These plans not only recognized the invaluable contributions of these workers but also established a framework for shared responsibility, where employers and employees together invest in a secure future.

For 125 years, our plan has embodied this purpose, evolving to meet the challenges of changing economic landscapes while remaining steadfast in its mission. This year, we honor those who laid the foundation for this plan, those who have entrusted us with its stewardship, and those who will carry its promise into the future.

FINANCIAL PERFORMANCE AND FUND STABILITY

The Plan experienced continued strong financial performance in FY 2023-24, with an investment return of 9.94%, contributing to the overall growth of our assets. Since 2014, the Plan's assets have grown significantly, from $18 billion to $31 billion. This growth reflects prudent management and effective investment strategies employed by the Board.

"This growth reflects prudent management and effective investment strategies employed by the Board.

There are various measures that can be reviewed to determine the overall health of a retirement plan. One such measure is the plan's funded status, which is the ratio of a retirement plan's assets to its liabilities (i.e., the pension or retiree health benefits we expect to provide to members). For the fiscal year ending June 30, 2024, the combined funded ratio for pension and retiree health benefits increased from 96.8% to 97.0%, while the unfunded liability decreased from $975 million to $955 million. Separately, the funded ratio for pension benefits increased from 99.5% to 99.8% and the health benefits funded ratio increased from 77.7% to 78.2%. This increase in the Plan's funded ratio is excellent news and is indicative of the continued strength and stability of the Plan.

ACCOMPLISHMENTS

Each year staff develops and submits a Business Plan to the Board for approval. The Business Plan is designed to further the goals stipulated in the Three-Year (2022-2024) Strategic Plan and keep the Department's resources focused on the most crucial areas.

2022-2024 STRATEGIC PLAN GOALS

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care & Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce
6. Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization Including Our Investment Portfolio and Business Partners

The 2023-24 Business Plan included thirteen projects, twelve of which were completed, with the other meeting its 2023-24 milestones and continuing as a multi-year project in the 2024-25 Annual Plan. During Fiscal Year 2023-24, staff completed twelve projects which included:

- Monitoring of management audit recommendations;
- Secure access to all information technology resources;
- Secure messaging and document uploads in the MyLAFPP member web portal;
- Enhanced subsidy and reimbursement stakeholder outreach;
- Non-Qualified Survivor Benefit Purchase Program Initiative;
- Elimination of the deceased pensioners database;
- Replacing the Disability Claims Management Database;
- Cost Effectiveness Measurement (CEM) benchmarking;
- Investments training for LAFPP staff and the Board;
- Employee Development Program;
- Diversity, Equity, and Inclusion (DEI) Training Initiative and Program; and,
- Efforts to advance DEI in our Investment Program.

Details regarding the Fiscal Year 2023-24 Business Plan can be found on our website at https://lafpp.lacity.gov/about/strategic-and-annual-plans.

STRATEGIC PLANNING ADVANCEMENTS

In September 2023, the Board selected *TurningWest* to lead the development of the 2025-2027 Strategic Plan. This comprehensive process included an environmental scan with interviews of Board members and staff, a strategic planning session for senior staff, and a collaborative workshop with member representatives. These efforts culminated in the adoption of a new strategic planning framework and three SMART goals designed to enhance the member experience, promote inclusivity in investment management, and foster employee development.

The new framework restructures the previous Goals, Objectives, and Strategic Initiatives as “Guiding Principles” to better reflect their enduring nature. Additionally, the Business Plan has been renamed as the “Annual Plan” to identify the specific objectives, activities, and budget for a single year. This focused approach ensures that resources are effectively allocated to advance the Department’s mission and vision.

In closing, I extend my gratitude to our Board, staff, and stakeholders for their unwavering support and commitment to the Plan’s mission. Together, we will continue to build on these successes to ensure a secure and prosperous future for our members.

Sincerely,
Joseph Salazar
General Manager

Austin Gebhardt Photo

MISSION

To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles

VISION

A secure and prosperous future for our members

GUIDING PRINCIPLES

- Ensure a Financially Sound Retirement System
- Manage Risk Throughout the Organization
- Enhance Customer Care and Stakeholder Relations
- Pursue Operational Efficiencies
- Build and Support a Talented Workforce
- Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including Our Investment Portfolio and Business Partners

2024 HIGHLIGHTS

- Unfunded Liability decreased from $975 million to $955 million
- Since 2014 the Plan's assets have grown from $17 billion to $31 billion

8,747
NUMBER OF POLICE MEMBERS

3,393
NUMBER OF FIRE MEMBERS

127
NUMBER OF HARBOR MEMBERS

102
NUMBER OF AIRPORT MEMBERS

12,369
NUMBER OF ACTIVE MEMBERS (INCLUDING DROP)

11,924
TOTAL NUMBER OF RETIRED MEMBERS

7.66%
THE PLAN'S AVERAGE 10-YEAR RETURN

$31.35 Billion
LAFPP PLAN ASSETS IN DOLLARS

- Combined funded ratio increased from 96.8% to 97.0%
- Pension benefits funded ratio increased from 99.5% to 99.8%
- Health benefits funded ratio increased from 77.7% to 78.2%

- 1-Year Total Assets increase in billions – $1.96
- 5-Year Total Assets increase in billions – $8.08

9.94%
1-YEAR INVESTMENT RETURN

7.00%
ACTUARIAL ASSUMED RATE OF RETURN

8.47%
5-YEAR ANNUALIZED RATE OF RETURN

AS OF JUNE 30, 2024

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

SUMI PAREKH, PRESIDENT
Appointed by the Mayor

GARRETT W. ZIMMON, VICE PRESIDENT
Elected by Retired Police Members

ANDREA AMBRIZ
Appointed by the Mayor

RIGO ARELLANO
Elected by Active Fire Members

KENNETH E. BUZZELL
Elected by Retired Fire Members

WILLIAM “BILLY” CHUN
Appointed by the Mayor

BRIAN J. CHURCHILL
Elected by Active Police Members

MICHAEL A. LAWSON
Appointed by the Mayor

RAUL PEREZ
Appointed by the Mayor

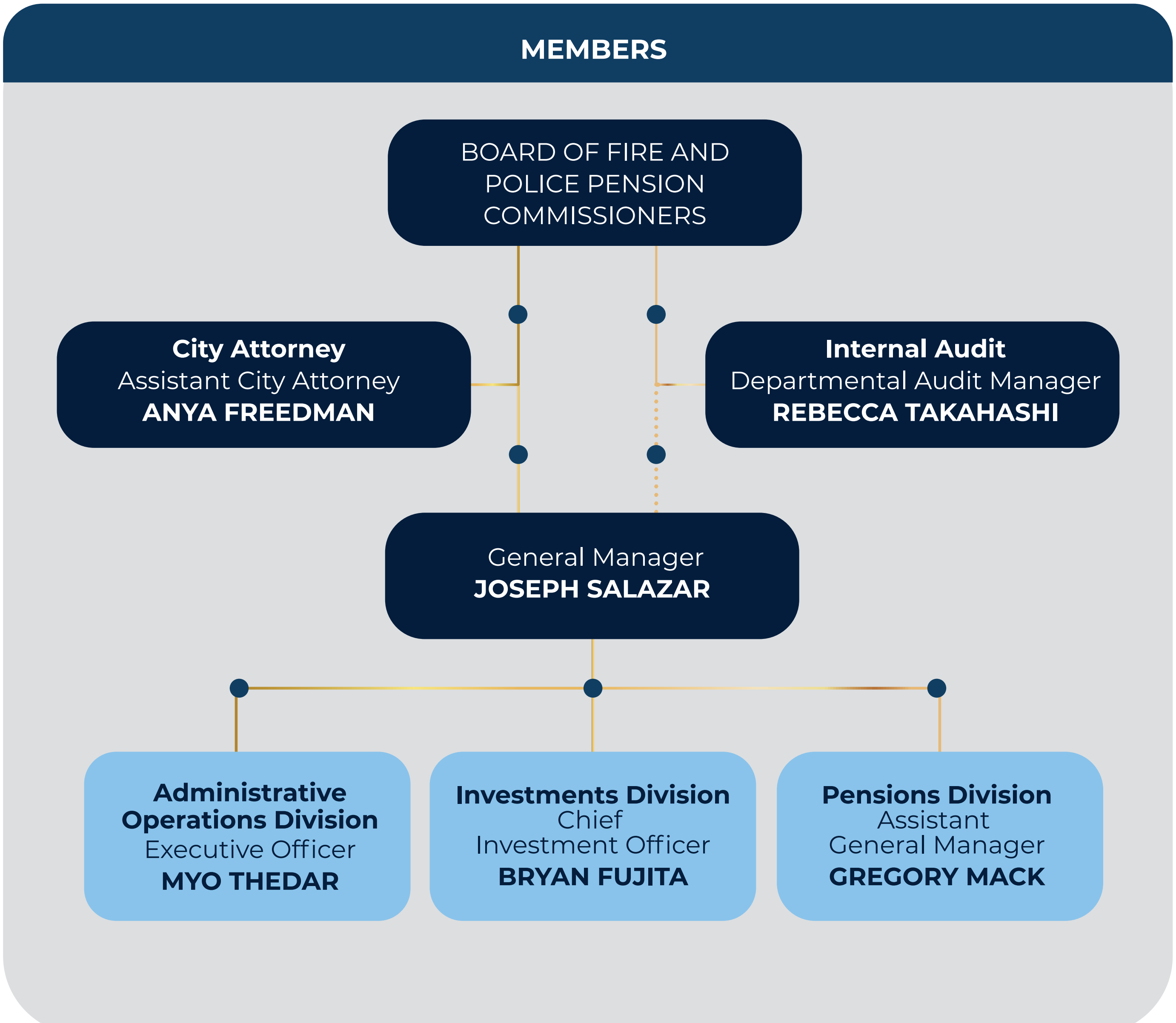
SYSTEM ADMINISTRATION

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

BOARD MEETINGS

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

ORGANIZATIONAL CHART



Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
_2024_

Presented to

Los Angeles Fire and Police Pensions

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle

Alan H. Winkle
Program Administrator

Leo Kaufman Photo

SECTION 2
FINANCIALS

1899

Celebrating 125 YEARS

LOS ANGELES FIRE AND
POLICE PENSION SYSTEM

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

LOS ANGELES FIRE AND POLICE PENSION SYSTEM

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www.simpsonllp.com

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2024 and 2023, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the basic financial statements for each plan as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective fiduciary net position of the Pension Plan and Health Subsidy Plan, as of June 30, 2024 and 2023, and the respective changes in fiduciary net position for the years then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
November 27, 2024

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

This Management's Discussion and Analysis (MD&A) of the financial activities of the Los Angeles Fire and Police Pension System (the System or LAFPP) is an overview of its fiscal operations for the year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the Financial Statements and the Notes to the Financial Statements. Amounts contained in this discussion have been rounded to facilitate readability.

FINANCIAL HIGHLIGHTS

- Net position at the close of the fiscal year ended June 30, 2024, was $28.15 billion and $3.25 billion for the Pension Plan and Health Subsidy Plan, respectively. All of the net position was available to meet the System's obligations to members and their beneficiaries.

- Net position increased by $1.71 billion, or 6.5%, and increased by $285.03 million, or 9.6%, for the Pension Plan and Health Subsidy Plan, respectively.

- As of June 30, 2024, the date of the most recent funding actuarial valuations, the funding ratios of the Pension Plan and Health Subsidy Plan were 99.8% and 78.2%, respectively.

- Additions to the Pension Plan's net position increased by $645.76 million or 25.3% from $2.55 billion to $3.2 billion, due primarily to the net appreciation in the fair value of investments in fiscal year 2024 relative to fiscal year 2023.

- Deductions from the Pension Plan's net position increased by $113.78 million, or 8.3%, over fiscal year 2023 from $1.38 billion to $1.49 billion in fiscal year 2024.

- Additions to the Health Subsidy Plan's net position increased by $50.89 million, or 12.7%, from $401.18 million to $452.07 million, due to the net appreciation in the fair value of investments in fiscal year 2024 relative to fiscal year 2023. Effective July 1, 2022, employer contributions and other funding of the Health Subsidy Plan are accepted into the newly established 115 Trust fund.

- Deductions from the Health Subsidy Plan's net position increased by $10.55 million, or 6.7%, over fiscal year 2023 from $156.49 million to $167.04 million in fiscal year 2024.

- The total pension liability for the Pension Plan at June 30, 2024, was $27.89 billion, and the fiduciary net position was $ 28.15 billion. Thus, the net pension surplus for the Pension Plan was $255.36 million, and the fiduciary net position as a percentage of the total pension liability was 100.92%.

- The total Other Post-Employment Benefits (OPEB) liability for the Health Subsidy Plan at June 30, 2024, was $4.07 billion, and the fiduciary net position was $3.25 billion. Thus, the net OPEB liability for the Health Subsidy Plan was $814.87 million, and the fiduciary net position as a percentage of the total OPEB liability was 79.96%.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the financial statements. These notes are presented on pages 17 to 56 of this report.

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

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

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

FINANCIAL ANALYSIS

Pension Plan

Fiduciary Net Position

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

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2024	2023	Change	% Change
Cash	$ 6,212	$ 7,166	$ (954)	-13.3%
Receivables/Prepayments	741,606	650,503	91,103	14.0%
Investments	29,397,429	27,793,237	1,604,192	5.8%
Capital Assets	18,410	19,727	(1,317)	-6.7%
Total Assets	30,163,657	28,470,633	1,693,024	5.9%
Liabilities	2,015,385	2,032,867	(17,482)	-0.9%
Deferred Inflows of Resources	226	466	(240)	-51.5%
Net Position	$ 28,148,046	$ 26,437,300	$ 1,710,746	6.5%

Net position increased by $1.71 billion, or 6.5%, to $28.15 billion from fiscal year 2023. Total assets increased in value by $1.69 billion, or 5.9%, when compared with the prior fiscal year 2023, attributable to appreciation of investments due to favorable market conditions.

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2023	2022 As restated	Change	% Change
Cash	$ 7,166	$ 6,107	$ 1,059	17.3%
Receivables/Prepayments (1)	650,503	508,299	142,204	28.0%
Investments	27,793,237	26,587,118	1,206,119	4.5%
Capital Assets	19,727	20,853	(1,126)	-5.4%
Total Assets	28,470,633	27,122,377	1,348,256	5.0%
Liabilities	2,032,867	1,863,350	169,517	9.1%
Deferred Inflows of Resources (1)	466	489	(23)	-4.7%
Net Position	$ 26,437,300	$ 25,258,538	$ 1,178,762	4.7%

(1) Receivables and deferred inflows of resources were restated in the fiscal year 2022 as a result of GASB Statement No. 87-*Leases* implementation.

Net position increased by $1.18 billion, or 4.7%, to $26.44 billion from fiscal year 2022. Total assets increased in value by $1.35 billion, or 5.0%, when compared with the prior fiscal year 2022, attributable to appreciation of investments due to favorable market conditions.

Pension Plan (Continued)

Changes in Fiduciary Net Position

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2024	2023	Change	% Change
Additions				
Employer Contributions	$ 480,810	$ 481,824	$ (1,014)	-0.2%
Member Contributions	157,191	151,935	5,256	3.5%
Net Investment Income	2,561,355	1,920,048	641,307	33.4%
Other Income	627	414	213	51.4%
Total Additions	3,199,983	2,554,221	645,762	25.3%
Deductions				
Pension Benefits	1,456,409	1,342,885	113,524	8.5%
Refund of Contributions	8,760	9,580	(820)	-8.6%
Administrative Expenses	24,068	22,994	1,074	4.7%
Total Deductions	1,489,237	1,375,459	113,778	8.3%
Net Increase	1,710,746	1,178,762	531,984	45.1%
Net Position, Beginning of Year	26,437,300	25,258,538	1,178,762	4.7%
Net Position, End of Year	$ 28,148,046	$ 26,437,300	$ 1,710,746	6.5%

Additions to Fiduciary Net Position

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

Contributions for fiscal year 2024 totaled $638 million, an increase of $4.24 million, or 0.67%, over fiscal year 2023. The employer's contribution for fiscal year 2024 was $480.81 million compared to $481.82 million for fiscal year 2023. The decrease in employer's contributions was due to the decrease in the actuarially required contribution. The increase in member contributions was due to an overall increase in active member salaries.

Net investment income amounted to $2.56 billion, an increase in net investment income of $641.3 million, or 33.4%, when compared with $1.92 billion from fiscal year 2023. Investment income increased in fiscal year 2024 due to the net appreciation in the fair value of investments in fiscal year 2024 relative to fiscal year 2023.

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

Deductions from Fiduciary Net Position

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

Deductions for the fiscal year ended June 30, 2024, totaled $1.49 billion, an increase of $113.78 million, or 8.3%, over fiscal year 2023. The increase was due primarily to the up to 5.1% cost of living adjustments made to eligible pensions and an increase in the total number of retirees compared to fiscal year 2023.

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

	2023	2022 As restated	Change	% Change
Additions				
Employer Contributions	$ 481,824	$ 535,450	$ (53,626)	-10.0%
Member Contributions	151,935	149,243	2,692	1.8%
Net Investment Income	1,920,048	(2,021,951)	3,941,999	195.0%
Other Income	414	369	45	12.2%
Total Additions	2,554,221	(1,336,889)	3,891,110	291.1%
Deductions				
Pension Benefits	1,342,885	1,237,262	105,623	8.5%
Refund of Contributions	9,580	7,474	2,106	28.2%
Administrative Expenses	22,994	22,146	848	3.8%
Total Deductions	1,375,459	1,266,882	108,577	8.6%
Net Increase	1,178,762	(2,603,771)	3,782,533	145.3%
Net Position, Beginning of Year, As Restated	25,258,538	27,862,309	(2,603,771)	-9.3%
Net Position, End of Year	$26,437,300	$ 25,258,538	$ 1,178,762	4.7%

Additions to Fiduciary Net Position

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

Contributions for fiscal year 2023 totaled $633.76 million, a decrease of $50.93 million, or 7.44%, over fiscal year 2022. The employer's contribution for fiscal year 2023 was $481.82 million compared to $535.45 million for fiscal year 2022. The decrease in employer's contributions was due to the decrease in

Pension Plan (Continued)

Changes in Fiduciary Net Position (Continued)

the actuarially required contribution. The increase in members' contribution was due to an overall increase in active member salaries.

Net investment income amounted to $1.92 billion, an increase in net investment income of $3.94 billion, or 195.0%, when compared with $(2.02) billion from fiscal year 2022. Investment income increased in fiscal year 2023 due to the net appreciation in the fair value of investments in fiscal year 2023 relative to fiscal year 2022.

Deductions from Fiduciary Net Position

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

Deductions for the fiscal year ended June 30, 2023, totaled $1.38 billion, an increase of $108.58 million, or 8.6%, over fiscal year 2022. The increase was due primarily to the up to 7.4% cost of living adjustments made to eligible pensions and an increase in the number of service retirements and Deferred Retirement Option Plan (DROP) exits, compared to fiscal year 2022.

Health Subsidy Plan

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

Fiduciary Net Position

	Condensed Statement of Fiduciary Net Position ($ in Thousands)			
	2024	2023	Change	% Change
Cash	$ 715	$ 800	$ (85)	-10.6%
Receivables/Prepayments	98,852	85,111	13,741	16.1%
Investments	3,382,072	3,103,806	278,266	9.0%
Capital Assets	2,118	2,203	(85)	-3.9%
Total Assets	3,483,757	3,191,920	291,837	9.1%
Liabilities	231,890	225,053	6,837	3.0%
Deferred Inflows of Resources	26	52	(26)	-50.0%
Net Position	$ 3,251,841	$ 2,966,815	$ 285,026	9.6%

Net position increased by $285.03 million, or 9.6%, to $ 3.25 billion from fiscal year 2023. Total assets increased in value by $ 291.84 million, or 9.1%, when compared with the prior fiscal year 2023, primarily attributable to appreciation of investments due to favorable market conditions.

Health Subsidy Plan (Continued)

Fiduciary Net Position (Continued)

Condensed Statement of Fiduciary Net Position
($ in Thousands)

	2023	2022[1] As restated	Change	% Change
Cash	$ 800	$ 654	$ 146	22.3%
Receivables/Prepayments [1]	85,111	66,490	18,621	28.0%
Investments	3,103,806	2,849,404	254,402	8.9%
Capital Assets	2,203	2,235	(32)	-1.4%
Total Assets	3,191,920	2,918,783	273,137	9.4%
Liabilities	225,053	196,606	28,447	14.5%
Deferred Inflows of Resources [1]	52	55	(3)	-5.5%
Net Position	$ 2,966,815	$ 2,722,122	$ 244,693	9.0%

(1) Receivables and deferred inflows of resources were restated in the fiscal year 2022 as a result of GASB Statement No. 87-*Leases* implementation.

Net position increased by $ 244.69 million, or 9.0%, to $2.97 billion from fiscal year 2022. Total assets increased in value by $273.14 million, or 9.4%, when compared with the prior fiscal year 2022, primarily attributable to appreciation of investments due to favorable market conditions.

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2024	2023	Change	% Change
Additions				
Contributions	$ 164,560	$ 186,418	$ (21,858)	-11.7%
Net Investment Income	287,438	214,718	72,720	33.9%
Other	70	46	24	52.2%
Total Additions	452,068	401,182	50,886	12.7%
Deductions				
Benefits Payment	164,341	153,918	10,423	6.8%
Administrative Expenses	2,701	2,572	129	5.0%
Total Deductions	167,042	156,490	10,552	6.7%
Net Increase	285,026	244,692	40,334	16.5%
Net Position, Beginning of Year	2,966,815	2,722,123	244,692	9.0%
Net Position, End of Year	$ 3,251,841	$ 2,966,815	$ 285,026	9.6%

Additions to Fiduciary Net Position

Total additions to net position increased by $50.89 million compared to fiscal year 2023. This is due primarily to the net appreciation in the fair value of investments which increased by $72.72 million or 33.9% over fiscal year 2023. For fiscal year 2024, net investment income was $287.44 million compared to $214.72 million in fiscal year 2023.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Current year deductions were $167.04 million, $10.56 million or 6.7% more than the total deductions of fiscal year 2023. This is due primarily to an increase in the number of pensioners receiving subsidy benefits and the increase in the maximum retiree health subsidy in fiscal year 2024.

Health Subsidy Plan (Continued)

Changes in Fiduciary Net Position (Continued)

	Condensed Statement of Changes in Fiduciary Net Position ($ in Thousands)			
	2023	2022	Change	% Change
Additions				
Contributions	$ 186,418	$ 193,140	$ (6,722)	-3.5%
Net Investment Income	214,718	(209,603)	424,321	202.4%
Other	46	38	8	21.1%
Total Additions	401,182	(16,425)	417,607	2542.5%
Deductions				
Benefits Payment	153,918	147,467	6,451	4.4%
Administrative Expenses	2,572	2,296	276	12.0%
Total Deductions	156,490	149,763	6,727	4.5%
Net Increase	244,692	(166,188)	410,880	247.2%
Net Position, Beginning of Year	2,722,123	2,888,310	(166,187)	-5.8%
Net Position, End of Year	$ 2,966,815	$ 2,722,122	$ 244,693	9.0%

Additions to Fiduciary Net Position

Total additions to net position increased by $417.61 million compared to fiscal year 2022. This is due primarily to the net appreciation in the fair value of investments which increased by $424.32 million or 202.4% over fiscal year 2022. For fiscal year 2023, net investment income was $214.72 million compared to $(209.60) million in fiscal year 2022.

Deductions from Fiduciary Net Position

Deductions represent medical and dental insurance subsidies paid for pensioners and their beneficiaries and administrative expenses. Current year deductions were $156.49 million, $6.73 million or 4.5% more than the total deductions of fiscal year 2022. This is due primarily to an increase in the number of pensioners receiving subsidy benefits and the increase in the maximum retiree health subsidy in fiscal year 2023.

REQUEST FOR INFORMATION

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

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

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2024 (WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	Pension	Health Subsidy			2024	2023
	Total	401(h)	115 Trust	Total	Combined	Combined
ASSETS						
Cash	$ 6,212,124	$ 629,949	$ 84,734	$ 714,683	$ 6,926,807	$ 7,966,474
Receivables						
Accrued Interest and Dividends	109,140,235	11,067,510	1,488,697	12,556,207	121,696,442	106,761,166
Contributions	6,045,754	-	-	-	6,045,754	5,869,834
Due from Brokers	626,176,848	63,498,293	8,541,192	72,039,485	698,216,333	609,322,670
Others	243,456	24,688	3,321	28,009	271,465	536,880
Total Receivables	741,606,293	74,590,491	10,033,210	84,623,701	826,229,994	722,490,550
Prepaid benefits	-	14,228,041	-	14,228,041	14,228,041	13,123,248
Investments at Fair Value						
Temporary	1,099,978,558	111,544,783	15,003,953	126,548,736	1,226,527,294	777,050,780
U.S. Government Obligations	2,765,949,357	280,484,760	37,728,167	318,212,927	3,084,162,284	2,941,454,366
Domestic Corporate Bonds	3,194,821,157	323,975,073	43,578,074	367,553,147	3,562,374,304	3,061,095,228
Foreign Bonds	170,045,238	17,243,663	2,319,455	19,563,118	189,608,356	127,441,612
Domestic Stocks	9,866,591,621	1,000,534,797	134,582,513	1,135,117,310	11,001,708,931	10,290,885,907
Foreign Stocks	4,625,199,937	469,024,528	63,088,760	532,113,288	5,157,313,225	5,387,503,017
Real Estate	1,560,363,741	158,230,752	21,283,710	179,514,462	1,739,878,203	1,732,571,752
Alternative Investments	5,344,643,677	541,980,674	72,902,133	614,882,807	5,959,526,484	5,584,945,806
Total Investments	28,627,593,286	2,903,019,030	390,486,765	3,293,505,795	31,921,099,081	29,902,948,468
Capital Assets	18,409,581	1,866,848	251,111	2,117,959	20,527,540	21,929,880
Securities Lending Collateral	769,836,089	78,066,249	10,500,736	88,566,985	858,403,074	994,094,326
TOTAL ASSETS	30,163,657,373	3,072,400,608	411,356,556	3,483,757,164	33,647,414,537	31,662,552,946
LIABILITIES						
Accounts Payable and Accrued Expenses	11,979,619	1,214,809	163,404	1,378,213	13,357,832	22,352,175
Benefits in Process of Payment	10,482,399	1,232,644	-	1,232,644	11,715,043	29,601,205
Due to Brokers	1,067,309,105	108,231,894	14,558,335	122,790,229	1,190,099,334	1,024,854,925
Mortgage Payable	155,754,594	15,794,501	2,124,527	17,919,028	173,673,622	186,991,284
Security Deposit	23,943	2,427	327	2,754	26,697	26,697
Securities Lending Collateral	769,836,089	78,066,249	10,500,736	88,566,985	858,403,074	994,094,326
TOTAL LIABILITIES	2,015,385,749	204,542,524	27,347,329	231,889,853	2,247,275,602	2,257,920,612
DEFERRED INFLOWS OF RESOURCES	225,735	22,891	3,079	25,970	251,705	517,661
NET POSITION IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS	$ 28,148,045,889	$ 2,867,835,193	$ 384,006,148	$ 3,251,841,341	$ 31,399,887,230	$ 29,404,114,673

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

LOS ANGELES FIRE AND POLICE PENSION SYSTEM
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Pension	Health Subsidy			2024	2023
	Total	401(h)	115 Trust	Total	Combined	Combined
ADDITIONS						
Contributions						
Employer Contributions	$ 480,809,810	$ -	$ 164,560,300	$ 164,560,300	$ 645,370,110	$ 668,242,775
Member Contributions	157,191,117	-	-	-	157,191,117	151,934,789
Total Contributions	638,000,927	-	164,560,300	164,560,300	802,561,227	820,177,564
Investment Income (Loss)						
Net (Depreciation) Appreciation in Fair Value of Investments, Including Gain and Loss on Sales	2,015,135,534	210,891,031	15,249,106	226,140,137	2,241,275,671	1,582,891,068
Interest	287,056,280	30,041,451	2,172,237	32,213,688	319,269,968	228,908,513
Dividends	293,791,252	30,746,289	2,223,202	32,969,491	326,760,743	367,392,204
Net Real Estate Income	38,826,690	4,063,350	293,813	4,357,163	43,183,853	48,905,646
Income from Alternative Investments	69,798,563	7,304,665	528,186	7,832,851	77,631,414	34,530,459
Securities Lending Income	5,787,922	605,726	43,799	649,525	6,437,447	6,080,080
Less: Securities Lending Expense	(809,460)	(84,713)	(6,125)	(90,838)	(900,298)	(850,027)
Other Income	(8,095,957)	(847,270)	(61,265)	(908,535)	(9,004,492)	639,082
Subtotal	2,701,490,824	282,720,529	20,442,953	303,163,482	3,004,654,306	2,268,497,025
Less: Investment Manager Expense	(140,135,455)	(14,665,669)	(1,060,445)	(15,726,114)	(155,861,569)	(133,731,496)
Net Investment Income	2,561,355,369	268,054,860	19,382,508	287,437,368	2,848,792,737	2,134,765,529
Other Income						
Donations	-	-	-	-	-	-
Miscellaneous	626,979	65,616	4,744	70,360	697,339	459,661
Total Other Income	626,979	65,616	4,744	70,360	697,339	459,661
TOTAL ADDITIONS	3,199,983,275	268,120,476	183,947,552	452,068,028	3,652,051,303	2,955,402,754
DEDUCTIONS						
Pension Benefits	1,456,408,833	-	-	-	1,456,408,833	1,342,885,283
Payment of Health Subsidy	-	149,084,488	-	149,084,488	149,084,488	138,785,074
Payment of Medicare Reimbursement	-	15,256,405	-	15,256,405	15,256,405	15,132,846
Refund of Contributions	8,760,384	-	-	-	8,760,384	9,579,884
Administrative Expenses	24,067,736	2,700,900	-	2,700,900	26,768,636	25,565,613
TOTAL DEDUCTIONS	1,489,236,953	167,041,793	-	167,041,793	1,656,278,746	1,531,948,700
NET (DECREASE) INCREASE	1,710,746,322	101,078,683	183,947,552	285,026,235	1,995,772,557	1,423,454,054
NET POSITION HELD IN TRUST FOR PENSION AND OTHER POST-EMPLOYMENT BENEFITS						
Beginning of Year	26,437,299,567	2,766,756,510	200,058,596	2,966,815,106	29,404,114,673	27,980,660,619
End of Year	$ 28,148,045,889	$ 2,867,835,193	$ 384,006,148	$ 3,251,841,341	$ 31,399,887,230	$ 29,404,114,673

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

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NOTE 1 – DESCRIPTION OF THE PLANS

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

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

Pension Plan

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

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

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

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

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

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

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

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

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

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan (Continued)

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

Health Subsidy Plan

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

Administrative Code Section 4.1154 (e) provides that, on an annual basis beginning in 2006, the Board is authorized to make discretionary changes to the maximum monthly subsidy, so long as no increase exceeds the lesser of a 7% increase or the actuarial assumed rate for medical inflation for pre-65 health benefits established by the Board for the applicable fiscal year. The maximum monthly subsidy for fiscal years 2024 and 2023 was $2,169.79 and $2,046.97, respectively. The System also reimburses the basic Medicare Part B premium for any pensioner enrolled in Medicare Parts A and B, and eligible to receive a subsidy.

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

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

On January 11, 2022, the City Council passed Ordinance No. 187351 to amend Chapter 11.5 of Division 4 of the Los Angeles Administrative Code to establish the Los Angeles Fire and Police Pensions Retiree Health Care Fund (LAFPP Health Care Fund) for the sole purpose of funding retiree health care benefits for eligible retirees and beneficiaries of the System.

The City and the Board of Fire and Police Pension Commissioners entered into a trust agreement, providing the LAFPP Health Care Fund as an alternative funding mechanism to the pre-existing LAFPP Health Care Coverage Account (401(h) account). This measure was aimed to ensure the long-term viability and sustainability of retiree health care benefits for the Fire and Police Pension Plan.

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Health Subsidy Plan (Continued)

The LAFPP Health Care Fund is intended to qualify for federal tax exemption under Section 115 of the Internal Revenue Code. Effective July 1, 2022, the LAFPP Health Care Fund began receiving contributions from the City designated for retiree health benefits. The existing 401(h) account continues to operate, disbursing funds for health insurance and other benefits provided under Chapter 11.5 of Division 4 of the Los Angeles Administrative Code, until it is fully depleted.

On May 2, 2024, the Board adopted a new policy to determine future increases to the maximum non-Medicare Health Subsidy as the lesser of: 1) The average of the annual increase in the Los Angeles Medical Care Index published by the U.S. Bureau of Labor Statistics as of the previous December and 7%; or 2) The maximum allowable increase to the non-Medicare Health Subsidy pursuant to Los Angeles Administrative Code Section 4.1154 (e).

Health Insurance Premium Reimbursement (HIPR) Program

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

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

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

Dental Subsidy Plan

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

The benefit paid is a percentage of a maximum subsidy for dental insurance based on the lower of the dental subsidy in effect for LACERS or active Safety Members. The maximum monthly subsidy was $42.93 and $43.81 for calendar years 2024 and 2023, respectively. In determining the dental subsidy, members receive 4% for each whole year of service, up to 100% of the maximum.

Deferred Retirement Option Plan

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

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Deferred Retirement Option Plan (Continued)

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

Effective February 1, 2019, for members who enroll on or after this date, participation in DROP is suspended for any calendar month in which a participant does not spend at least 112 hours on "active duty" status. However, if a participant sustains a serious injury on duty and is admitted to the hospital for at least three consecutive days as a result of the injury, their participation will not be suspended during the first 12 calendar months following the date of injury. If a member's DROP participation is suspended, he/she is eligible to participate in DROP for a maximum of 30 additional months beyond his/her original five-year participation period. The participation period can only be extended for as many months as the member's participation was suspended, and no interest is credited to the member's DROP account following the initial five-year participation period.

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

At June 30, 2024 and 2023, 1,300 and 1,496 pensioners, respectively, were enrolled in the DROP program, with total estimated values of the DROP accounts of approximately $283,070,509 and $361,085,473, respectively.

Two Percent Opt-In

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

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

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

NOTE 1 – DESCRIPTION OF THE PLANS (Continued)

Pension Plan Membership

The components of the System's Pension Plan membership at June 30, 2024 and 2023, are as follows:

	2024	2023
Active Nonvested:		
Tier 1	-	-
Tier 2	-	-
Tier 3	-	-
Tier 4	1	2
Tier 5	3,113	3,493
Tier 6	5,279	4,862
	8,393	8,357
Active Vested:		
Tier 1	-	-
Tier 2	3	3
Tier 3	315	390
Tier 4	148	154
Tier 5	3,499	3,661
Tier 6	11	6
	3,976	4,214
Pensioners and Beneficiaries:		
Tier 1	151	171
Tier 2	5,794	6,052
Tier 3	1,074	1,000
Tier 4	411	404
Tier 5	6,983	6,497
Tier 6	10	7
	14,423	14,131
Vested Terminated		
Tier 3	18	23
Tier 5	256	250
Tier 6	554	503
	828	776
	27,620	27,478

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Financial Reporting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as outlined by the Governmental Accounting Standards Board (GASB). The accompanying financial statements include information from the prior year summarized for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the System's financial statements for the fiscal year ended June 30, 2023, from which such information was derived.

Investments and Method Used to Value Investments

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

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

The category of alternative investments includes private equity. Private equity investments are composed predominantly of limited partnerships that invest mainly in privately-owned companies.

Investment transactions are accounted for on the date the securities are purchased or sold (trade date). Unsettled investment trades as of the fiscal year-end are reported in the financial statements on the accrual basis of accounting. The corresponding proceeds due from sales are reported on the Statements of Fiduciary Net Position as receivables and labeled due from brokers and amounts payable for purchases are reported as liabilities and labeled due to brokers. Dividend income is recorded on ex-dividend date and interest income is accrued as earned.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Method Used to Value Investments (Continued)

Real estate investments are recorded in the financial statements under the equity method and are carried at fair value as determined by a periodic external appraisal. The fair values of real estate investment funds are provided by the individual real estate fund managers with periodic external valuations.

Cash

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

Capital Assets

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

The System implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as of July 1, 2022. Under this guidance, the SBITAs are accounted for as intangible right-to-use subscription assets, and the associated subscription expenses are recognized over the subscription term.

Mortgage Payable

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting years. Actual results could differ from those estimates.

NOTE 3 – NEW ACCOUNTING STANDARDS

Implementation of the following GASB statements effective beginning fiscal year 2024.

In June 2023, the GASB issued Implementation Guide No. 2023-1, Implementation Guidance Update - 2023. This Implementation Guide amends Implementation Guide No. 2019-3, Leases, and Implementation Guide No. 2021-1, Implementation Guidance Update - 2021. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2023. LAFPP implemented this guide without material impact.

In June 2022, the GASB issued Statement No. 100, Accounting Changes and Error Corrections. This is an amendment of GASB Statement No. 62. This new statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the accounting and financial reporting for each type of accounting changes and error corrections in previously issued financial statements. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. LAFPP implemented this guide without material impact.

Recent GASB Pronouncements for Future Adoption

The following GASB pronouncements have been issued and are scheduled for adoption in upcoming fiscal years. LAFPP will evaluate their potential impact as they become effective:

In June 2022, the GASB issued Statement No. 101*, Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

In December 2023, the GASB issued Statement No. 102*, Certain Risk Disclosures*. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The statement also establishes the criteria for disclosure for a concentration or a constraint. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103*, Financial Reporting Model Improvements*. This statement improves the key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104*, Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. This statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION

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

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

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

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

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

Accordingly, the City's contributions as determined by the System's actuary for items A, B, and C above, net of early payment discount, for the fiscal years ended June 30, 2024 and 2023, were as follows ($ in thousands):

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

Fiscal Year Ended June 30, 2024

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 143	$ 12,327	$ 4,750	$ 223,531	$ 76,060	$ 3,080	$ 651	$ 2,447
Pension Unfunded Supplemental Present Value Amount	.	50	5,789	2,103	92,075	37,836	(11)	(3)	(19)
Pension Administrative Expense	-	7	823	299	13,094	5,381	178	48	171
Health subsidy entry age Normal cost	-	16	2,819	1,046	41,900	27,118	759	213	983
Health subsidy unfunded actuarial accrued liability annual amount	-	32	3,694	1,342	58,765	24,148	(30)	(8)	4
Health Administrative Expenses	-	1	72	26	1,152	473	15	4	15
Total	$ -	$ 249	$ 25,524	$ 9,566	$ 430,517	$ 171,016	$ 3,991	$ 905	$ 3,601

During fiscal year 2024, total contributions of $645.37 million from the employer and $157.19 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed at June 30, 2022. For the Pension Plan, fiscal year 2024 employer contributions included $322.99 million for entry age normal cost, $137.82 million for the unfunded actuarial accrued liability annual amount, and $20.00 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2024 employer contributions consisted of $74.85 million for entry age normal cost, $87.95 million for the unfunded actuarial accrued liability annual amount, and $1.76 million for health administrative expense.

Fiscal Year Ended June 30, 2023

	Fire and Police						Harbor Port Police		LAWA
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	Tier 5	Tier 6	Tier 6
Pension Entry Age Normal Cost	$ -	$ 155	$ 13,870	$ 5,409	$ 232,043	$ 66,468	$ 2,874	$ 601	$ 2,339
Pension Unfunded Supplemental Present Value Amount	13,716	(10,573)	(7,575)	3,314	102,888	35,191	712	190	100
Pension Administrative Expense	-	8	923	335	13,755	4,705	167	45	165
Health subsidy entry age Normal cost	-	20	3,264	1,191	45,777	24,314	746	201	983
Health subsidy unfunded actuarial accrued liability annual amount	1,253	59,179	4,419	2,683	30,151	10,313	76	20	58
Health Administrative Expenses	-	1	81	29	1,211	414	15	4	14
Total	$ 14,969	$ 48,790	$ 14,982	$ 12,961	$ 425,825	$ 141,405	$ 4,590	$ 1,061	$ 3,659

NOTE 4 – FUNDING POLICY AND CONTRIBUTION INFORMATION (Continued)

During fiscal year 2023, total contributions of $668.24 million from the employer and $151.93 million from the members were made, with respect to the Pension Plan and Health Subsidy Plan, in accordance with actuarially determined contribution requirements determined through an actuarial valuation performed on June 30, 2021. For the Pension Plan, fiscal year 2023 employer contributions included $323.76 million for entry age normal cost, $137.96 million for the unfunded actuarial accrued liability annual amount, and $20.10 million for pension administrative expense. For the Health Subsidy Plan, fiscal year 2023 employer contributions consisted of $76.50 million for entry age normal cost, $108.15 million for the unfunded actuarial accrued liability annual amount, and $1.77 million for health administrative expense.

NOTE 5 – NET PENSION LIABILITY

The components of the System's net pension liability (NPL) at June 30, 2024 and 2023, were as follows:

	2024	2023
Total Pension Liability	$ 27,892,689,723	$ 26,800,919,509
Less: Fiduciary Net Position	28,148,045,889	26,437,299,567
Net Pension Liability (Surplus)	$ (255,356,166)	$ 363,619,942
Fiduciary Net Position as a Percentage of the Total Pension Liability	100.92%	98.64%

The NPL was measured as of June 30, 2024 and June 30, 2023 and determined based upon plan assets as of each measurement date and upon rolling forward to each measurement date the total pension liability (TPL) from the actuarial valuation as of June 30, 2023 and 2022, respectively.

Actuarial Assumptions

The TPL as of June 30, 2024 and June 30, 2023 that were measured by the actuarial valuations as of June 30, 2023 and June 30, 2022, respectively, used the following actuarial assumptions, which were based on the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023, and were applied to all periods included in the measurement as of June 30, 2024 and 2023:

Inflation Rate	2.50%
Projected Salary Increase	Ranges from 3.90% to 12.00% based on years of service, including inflation.
Investment Return Rate	7.00%, including inflation but net of pension plan investment expenses.
Real Across-the-Board Salary Increase	0.50%
Cost of Living Adjustments (COLAs)	2.75% of Tiers 1 - 6 retirement income.

NOTE 5 – NET PENSION LIABILITY (Continued)

Actuarial Assumptions (Continued)

Mortality	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 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Investment Return Rate

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 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 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 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. These values were used in the derivation of the long-term expected investment rate of return assumption for June 30, 2024 and 2023. This information may change every three years based on the results of an actuarial experience study.

NOTE 5 – NET PENSION LIABILITY (Continued)

Investment Return Rate (Continued)

Asset Class	Target Allocation Percentage 2024	Target Allocation Percentage 2023	Long Term Expected Real Rate of Return 2024	Long Term Expected Real Rate of Return 2023
Large Cap U.S. Equity	23.00%	23.00%	6.00%	6.00%
Small Cap U.S. Equity	6.00%	6.00%	6.65%	6.65%
Developed International Equity	16.00%	16.00%	7.01%	7.01%
Emerging Markets Equity	5.00%	5.00%	8.80%	8.80%
U.S. Core Fixed Income	9.90%	9.90%	1.97%	1.97%
High Yield Bonds	2.75%	2.75%	4.63%	4.63%
Global Credit	2.75%	2.75%	0.89%	0.89%
Real Estate	7.00%	7.00%	3.86%	3.86%
Treasury Inflation Protected Securities (TIPS)	4.40%	4.40%	1.77%	1.77%
Commodities	1.00%	1.00%	4.21%	4.21%
Cash	1.00%	1.00%	0.63%	0.63%
Private Credit	2.00%	2.00%	6.48%	6.48%
Unconstrained Fixed Income	2.20%	2.20%	2.50%	2.50%
Private Equity	14.00%	14.00%	9.84%	9.84%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	5.25%	5.25%
Total Portfolio	100.00%	100.00%	5.80%	5.80%

Discount Rate

The discount rate used to measure the TPL was 7.00% as of June 30, 2024 and June 30, 2023. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rates for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Pension Plan’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on Pension Plan investments was applied to all periods of projected benefit payments to determine the TPL as of June 30, 2024 and 2023.

NOTE 5 – NET PENSION LIABILITY (Continued)

Sensitivity Analysis

The following presents the NPL of the System as of June 30, 2024 and 2023, calculated using the discount rate of 7.00% for 2024 and 2023, as well as what the System's NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NPL as of June 30, 2024	$ 3,546,617,592	$ (255,356,166)	$ (3,352,623,297)
NPL as of June 30, 2023	$ 4,021,274,936	$ 363,619,942	$ (2,615,987,109)

NOTE 6 – NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY

The components of the System's net Other Postemployment Benefits (OPEB) liability at June 30, 2024 and 2023, were as follows:

	2024	2023
Total OPEB Liability	$ 4,066,715,913	$ 3,815,026,871
Less: Fiduciary Net Position	3,251,841,341	2,966,815,106
Net OPEB Liability	$ 814,874,572	$ 848,211,765
Fiduciary Net Position as a Percentage of the Total OPEB Liability	79.96%	77.77%

The Net OPEB Liability (NOL) was measured as of June 30, 2024 and June 30, 2023. The Health Subsidy's Net Position was valued as of the measurement date, while the Total OPEB Liability (TOL) was determined based upon the results of the funding actuarial valuations as of June 30, 2024 and 2023.

Actuarial Assumptions

The TOL as of June 30, 2024 and 2023 were determined by the actuarial valuations as of June 30, 2024 and 2023, respectively. The actuarial assumptions used for these valuations were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022 and the health assumptions letters dated August 28, 2024 and August 29, 2023.

The following actuarial assumptions were applied to all periods included in the measurements as of June 30, 2024 and 2023:

Inflation Rate	2.50%
Projected Salary Increase	Ranges from 3.90% to 12.00% based on years of service, including inflation
Investment Return Rate	7.00%, including inflation but net of investment expenses.
Real Across-the-Board Salary Increase	0.50%

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

Actuarial Assumptions (Continued)

Cost of Living Adjustments (COLAs)	2.75% of Tiers 1-6 retirement income.
Mortality	Healthy: Pub-2010 Safety Healthy Retiree Headcount-Weighted Above-Median Mortality Table 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: 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 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

Investment Return Rate

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation and, beginning with 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, and subtracting the expected investment expenses (beginning with June 30, 2023, 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, are shown in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2024 and 2023. This information may change every three years based on the results of an actuarial experience study.

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

Investment Return Rate (Continued)

Asset Class	Target Allocation Percentage 2024	Target Allocation Percentage 2023	Long Term Expected Real Rate of Return 2024	Long Term Expected Real Rate of Return 2023
Large Cap U.S. Equity	23.00%	23.00%	6.00%	6.00%
Small Cap U.S. Equity	6.00%	6.00%	6.65%	6.65%
Developed International Equity	16.00%	16.00%	7.01%	7.01%
Emerging Markets Equity	5.00%	5.00%	8.80%	8.80%
U.S. Core Fixed Income	9.90%	9.90%	1.97%	1.97%
High Yield Bonds	2.75%	2.75%	4.63%	4.63%
Global Credit	2.75%	2.75%	0.89%	0.89%
Real Estate	7.00%	7.00%	3.86%	3.86%
Treasury Inflation Protected Securities (TIPS)	4.40%	4.40%	1.77%	1.77%
Commodities	1.00%	1.00%	4.21%	4.21%
Cash	1.00%	1.00%	0.63%	0.63%
Private Credit	2.00%	2.00%	6.48%	6.48%
Unconstrained Fixed Income	2.20%	2.20%	2.50%	2.50%
Private Equity	14.00%	14.00%	9.84%	9.84%
Real Estate Investment Trusts (REITS)	3.00%	3.00%	5.25%	5.25%
Total Portfolio	100.00%	100.00%	5.80%	5.80%

Discount Rate

The discount rate used to measure the TOL was 7.00% as of June 30, 2024 and June 30, 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 members and their beneficiaries are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefits payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2024 and June 30, 2023.

NOTE 6 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Sensitivity Analysis

The following presents the NOL of the System as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the System's NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
NOL as of June 30, 2024	$ 1,422,652,887	$ 814,874,572	$ 324,035,596
NOL as of June 30, 2023	$ 1,412,582,167	$ 848,211,765	$ 391,584,766

Sensitivity Analysis to Changes in Trend Rate

The following presents the NOL of the Health Subsidy Plan of the System as of June 30, 2024 and 2023, as well as what the System's NOL would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend	1% Increase
NOL as of June 30, 2024	$ 305,891,045	$ 814,874,572	$ 1,456,287,982
NOL as of June 30, 2023	$ 374,973,758	$ 848,211,765	$ 1,443,519,710

Actuarial assumptions for Other Post-employment Benefits

Additional information from the actuarial valuations as of June 30, 2024 and 2023 are as follows:

	June 30, 2024	June 30, 2023
Non-Medicare Medical Plan	7.00%, then graded down to an ultimate of 4.50% over 10 years	7.25%, then graded down to an ultimate of 4.50% over 11 years
Medicare Medical Plan	10.00%, then 6.50% graded to 4.50% ultimate over 8 years	6.50%, then graded down to an ultimate of 4.50% over 8 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	5.20%, then 4.50% thereafter
Medical Subsidy Trend		
Type of Member:		
(For employees not subject to subsidy freeze		
Non-Medicare retirees	Increase by the lesser of 7.00%, or non-Medicare trend	Increase by the lesser of 7.00%, or non-Medicare trend.
Member retirees with single party premium	Increase with medical trend.	Increase with medical trend.
Member retirees with 2-party premium less than or equal to the maximum subsidy (e.g., Fire Kaiser)	Increase with medical trend.	Increase with medical trend.
Medicare retirees with 2-party premium greater than the maximum subsidy (e.g., Police Blue Cross PPO)	Increase based on a combination of Medicare maximum subsidy trend and the Medicare plan trend for that particular health plan.	Increase with lesser of 7.00%, or medical trend.

NOTE 6 – NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY (Continued)

Actuarial assumptions for Other Post-employment Benefits (Continued)

The following assumptions were adopted by the Board based on the actuarial experience study from July 1, 2019 through June 30, 2022 for the June 30, 2024 and June 30, 2023 actuarial valuations:

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

Adminstrative 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.

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

Participation

Service Range (Years)	Participation for Future Retirees Under 65 (Percentage)	Participation for Future Retirees Over 65 (Percentage)	Participation for Current Retiree Age 55-64 Without Subsidy Upon Attaining Age 65 (Percentage)
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 and B.

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

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

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

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

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

Sensitivity Analysis to Changes in Trend Rate (Continued)

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

For fiscal year 2024:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	88%	$ 2,241.39	$ 2,241.39	$ 1,051.78	86%	$ 549.16	$ 875.41	$ 549.16
Fire Kaiser	6%	2,241.39	2,241.39	1,051.78	10%	549.16	390.00	549.16
UFLAC Select HMO	2%	2,241.39	2,241.39	1,051.78	1%	549.16	734.97	549.16
UFLAC HDHP	4%	2,241.39	2,241.39	1,051.78	3%	549.16	1,009.68	549.16
Police Blue Cross PPO	66%	2,241.39	2,241.39	1,051.78	76%	549.16	1,206.05	549.16
Police Blue Cross HMO	12%	2,241.39	2,241.39	1,051.78	7%	549.16	1,256.05	549.16
Police Kaiser	22%	2,241.39	2,241.39	1,051.78	17%	549.16	379.88	549.16
Dental	90%	42.93	42.93	-	90%	42.93	42.93	-
Medicare	N/A	-	-	-	100%	174.70	174.70	-

For fiscal year 2023:

	Maximum Subsidies							
	For Participants under 65				For Participants 65 and Over			
Plan	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse	Assumed Election %	Single	Married/with Domestic Partner	Surviving Spouse
Fire Medical	87%	$ 2,169.79	$ 2,169.79	$ 939.09	85%	$ 494.67	$ 811.97	$ 494.67
Fire Kaiser	7%	2,169.79	2,169.79	939.09	11%	494.67	454.06	494.67
UFLAC Select HMO	3%	2,169.79	2,169.79	939.09	1%	494.67	732.97	494.67
UFLAC HDHP	3%	2,169.79	2,169.79	939.09	3%	494.67	984.54	494.67
Police Blue Cross PPO	65%	2,169.79	2,169.79	939.09	76%	494.67	1,130.56	494.67
Police Blue Cross HMO	12%	2,169.79	2,169.79	939.09	7%	494.67	1,167.56	494.67
Police Kaiser	23%	2,169.79	2,169.79	939.09	17%	494.67	341.34	494.67
Dental	90%	43.81	43.81	-	90%	43.81	43.81	-
Medicare	N/A	-	-	-	100%	164.90	164.90	-

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

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

Health Subsidy Plan Membership

The component of the Health Subsidy Plan membership at June 30, 2024 and 2023, are as follows:

	2024	2023
Retired Members	10,599	10,260
Beneficiaries	1,692	1,712
Vested Terminated Members	984	1,017
Active Members	12,369	12,571
	25,644	25,560

NOTE 7 – CASH, TEMPORARY INVESTMENTS, AND OTHER INVESTMENTS

Cash and Temporary Investments

The System considers investments purchased with a maturity of 12 months or less to be temporary investments. At June 30, 2024, cash and temporary investments consisted of $6,926,807 cash held by the City Treasurer's office and $1,226,527,294 in collective short-term investment funds (STIF). At June 30, 2023, cash and temporary investments consisted of $7,966,474 cash held by the City Treasurer's office and $777,050,780 in collective short-term investment funds (STIF). Cash held by the City Treasurer's office is pooled with funds of other City agencies and is not individually identifiable. The temporary investments are not leveled and not included in the following fair value measurements hierarchy table.

Fair Value of Investments

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

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

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

At June 30, 2024, the System has the following recurring fair value measurements ($ in thousands):

	June 30, 2024	Level 1	Level 2	Level 3
Investments by fair value level				
Debt Securities				
U.S. Treasuries	$ 2,138,892	$ -	$ 2,138,892	$ -
U.S. Agencies	933,248	-	933,050	198
Municipal/Provincial Bonds	12,022	-	12,022	-
Collateralized Debt Obligations	738,211	-	730,110	8,101
Commercial Paper	245,453	-	239,150	6,303
Corporate Bonds	2,718,310	-	2,718,025	285
Total Debt Securities	6,786,136	-	6,771,249	14,887
Equity Securities				
Common Stock	16,058,914	16,051,985	82	6,847
Preferred Stock	100,098	96,466	-	3,632
Other	10	-	-	10
Total Equity Securities	16,159,022	16,148,451	82	10,489
Real Estate	575,162	297,511	-	277,651
Derivatives	3,733	17	3,716	-
Total Investments by Fair Value	$ 23,524,053	$ 16,445,979	$ 6,775,047	$ 303,027

Investment measured at the net asset value (NAV)	
Private Equity Partnerships	$ 5,955,794
Real Estate	1,164,716
Corporate Debt Securities	50,009
Total Investments Measured at NAV	$ 7,170,519

Note: Temporary investments of $1.23 billion are not included in the fair value hierarchy above.

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

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

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

Fair Value of Investments (continued)

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

The System's investments such as private equity partnerships, comingled real estate funds, asset/mortgage-backed security funds and commercial mortgages are valued using the net asset value (NAV). Real estate pooled investments are valued based on an independent appraisal or other methods using various techniques including models.

Investments measured at the NAV ($ in thousands):

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Private Equity funds and Partnerships	$ 5,955,794	$ 2,978,227	N/A	-
Real Estate[1]	1,164,716	621,567	Quarterly	days
Corporate Debt Securities	50,009	-	Anytime	-
Total Investments measured at NAV	$ 7,170,519			

[1]*This type investment includes $716.4 million of commingled real estate committed and funded that can be redeemed quarterly with 90 to 179 days redemption notice period.*

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

Investment Policy

The Board is responsible for adopting an investment policy using the "prudent person standard" per Article XI, Section 1106 (c) of the City Charter. Investments are made with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims.

The Board's adopted allocation policy effective during fiscal years 2024 and 2023 were as follow:

Asset Class	2024	2023
Large Cap U.S. Equity	23.00%	23.00%
Small Cap U.S. Equity	6.00%	6.00%
Developed International Equity	18.00%	16.00%
Emerging Markets Equity	0.00%	5.00%
Private Equity	15.00%	14.00%
U.S. Core Fixed Income	10.78%	9.90%
Treasury Inflation Protected Securities (TIPS)	3.52%	4.40%
High Yield Bonds	2.20%	2.75%
Unconstrained Fixed Income	2.20%	2.20%
Global Credit	3.30%	2.75%
Private Credit	3.00%	2.00%
Real Estate	7.00%	7.00%
Real Estate Investment Trusts (REITS)	3.00%	3.00%
Commodities	2.00%	1.00%
Cash	1.00%	1.00%
Total Portfolio	100.00%	100.00%

Credit Risk

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

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

Credit Risk (Continued)

As of June 30, 2024, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 2,514,682,015	42.95%
AA	111,169,612	1.90%
A	646,708,580	11.05%
BBB	778,198,184	13.29%
BB	537,706,600	9.17%
B	600,701,479	10.26%
CCC	95,630,693	1.63%
CC	5,077,356	0.09%
C	76,440	0.00%
Not Rated	565,119,337	9.65%
Subtotal	5,855,070,296	100.00%
U.S. Government Issued or Guaranteed Securities	981,074,648	
Total Fixed Income Investments	$ 6,836,144,944	

As of June 30, 2023, the quality ratings of the System's fixed income investments in U.S. Government obligations and domestic corporate and foreign bonds are as follows:

Quality Rating	Fair Value	Percentage
AAA	$ 2,500,754,064	46.41%
AA	91,149,151	1.69%
A	598,715,566	11.11%
BBB	769,624,286	14.28%
BB	442,739,685	8.21%
B	430,787,218	8.00%
CCC	67,137,206	1.25%
CC	490,474	0.01%
C	562,097	0.01%
Not Rated	486,167,679	9.02%
Subtotal	5,388,127,426	100.00%
U.S. Government Issued or Guaranteed Securities	741,863,780	
Total Fixed Income Investments	$ 6,129,991,206	

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

Custodial Credit Risk

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the System's deposits and collateral securities in the possession of an outside party would not be recoverable. Deposits are exposed if they are not insured or are not collateralized. As of June 30, 2024 and 2023, the System's exposure to custodial credit risk comprised of foreign currencies held outside the custodial bank amounted to $28,129,623 and $14,071,365, respectively.

For investment securities, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are not insured, or are not registered in the System's name, and held by the counterparty. As of June 30, 2024 and 2023, the System's investments in publicly traded stocks and bonds were not exposed to custodial risk since they are all held by the custodian and are registered in the System's name. As of June 30, 2024 and 2023, the private equity of $5,959,526,484 and $5,584,945,807, and commingled real estate funds of $1,164,716,266 and $1,102,561,238, were exposed to custodial credit risk, respectively.

Concentration of Credit Risk

Concentration of credit risk exists when the System has investments in a single issuer totaling 5% or more of the total investment portfolio. As of June 30, 2024 and 2023, the System's investment portfolio contained no such concentrations. Securities issued or guaranteed by the U.S. Government are exempt from this limitation.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System manages its exposure to interest rate risk by requiring a fixed income investment manager to maintain the effective duration of their portfolio within a specified range of (1) the Bloomberg US Aggregate Bond Index for core fixed income investments, (2) the Bloomberg US Mortgage Backed Securities Index for mortgage backed investments, (3) the Bloomberg US Government/Credit Long-Term Bond Index for long duration investments, (4) the B of A ML High Yield Master II Index for high yield investments (5) the Bloomberg US Treasury TIPS 1-5 Years Index for inflation-linked investments, and (6) a blend of the Bloomberg Global Aggregate Credit Index USD, ICE B of A ML Developed Markets High Yield Index USD, JP Morgan Emerging Markets Bond Index Global Diversified USD and Credit Suisse Leveraged Loan Index for global credit investments. The longer the duration, the greater the sensitivity to interest rate changes. Information about the sensitivity of the System's investments to interest rate fluctuations is provided in the following table that shows the weighted average maturity of the System's fixed income investments by investment type.

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

Interest Rate Risk (Continued)

Fiscal Year 2024

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 391,479,918	7.08
Bank Loans	245,452,602	4.92
Commercial Mortgage-Backed	158,064,104	16.96
Corporate Bonds	2,433,123,854	8.66
Corporate Convertible Bonds	31,732,812	9.28
Government Agencies Bonds	112,415,308	6.6
Government Bonds	1,180,435,579	12.46
Government Mortgage Backed Securities	898,532,255	25.66
Government Issued Commercial Mortgage-Backed	3,960,135	38.98
Index Linked Government Bonds	1,123,817,579	3.53
Municipal/Provincial Bonds	13,879,559	31.06
Non-Government Backed Collateralized Mortgage Obligations	188,666,700	27.77
Sukuk	4,575,477	4.55
Asset/Mortgage Backed Securities/Other Fixed Income Funds	50,009,062	N/A
Total Fixed Income Investments	$ 6,836,144,944	

Fiscal Year 2023

Investment Type	Fair Value	Weighted Average Maturity (in Years)
Asset Backed Securities	$ 337,188,760	7.59
Bank Loans	154,751,256	4.45
Commercial Mortgage-Backed	117,156,293	22.27
Corporate Bonds	2,157,612,691	9.47
Corporate Convertible Bonds	24,430,712	4.33
Government Agencies Bonds	90,242,534	8.03
Government Bonds	1,108,658,089	11.76
Government Mortgage Backed Securities	647,405,731	24.55
Government Issued Commercial Mortgage-Backed	1,598,764	32.84
Index Linked Government Bonds	1,287,275,844	7.85
Municipal/Provincial Bonds	14,082,304	32.89
Non-Government Backed Collateralized Mortgage Obligations	140,882,261	29.96
Sukuk	1,575,920	9.16
Asset/Mortgage Backed Securities/Other Fixed Income Funds	47,130,047	N/A
Total Fixed Income Investments	$ 6,129,991,206	

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

Interest Rate Risk (Continued)

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

Investment Type	2024 Fair Value	2023 Fair Value
Asset Backed Securities	$ 391,479,918	$ 337,188,760
Commercial Mortgage-Backed	158,064,104	117,156,293
Government Agencies Bonds	112,415,308	90,242,534
Government Mortgage Backed Securities	898,532,255	647,405,731
Non-Government Backed Collateralized Mortgage Obligations	188,666,700	140,882,261
	$ 1,749,158,285	$ 1,332,875,579

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of deposits or investments. The System's asset allocation policy sets a target of 18% and 21% of the total portfolio for non-U.S. investments in equities for fiscal years 2024 and 2023 respectively. The majority of the System's currency exposure comes from its holdings of foreign stocks. In addition, fixed income, real estate, and private equity managers may hold non-U.S. investments depending on their individual investment strategies. The System's foreign investment holdings, including foreign currencies in temporary investments as of June 30, 2024 and 2023 are as follows:

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

Foreign Currency Risk (Continued)

Foreign Currency Type	2024	2023
United Arab Emirates Dirham	$ -	$ 22,813,617
Australian Dollar	199,122,183	140,633,576
Brazilian Real	93,308,582	141,355,685
British Pound Sterling	809,016,665	593,844,243
Canadian Dollar	122,718,416	109,380,114
Chilean Peso	-	10,132,864
Chinese Yuan Renminbi	13,397	75,938
Colombian Peso	5,954,519	8,016,428
Czech Koruna	-	3,242,606
Danish Krone	155,105,536	102,297,323
Euro	1,879,593,441	1,589,591,280
HK offshore Chinese Yuan Renminbi	22,244,363	85,310,762
Hong Kong Dollar	171,426,619	423,917,683
Hungarian Forint	-	1,593,470
Indian Rupee	60,568,389	230,250,867
Indonesian Rupiah	6,926,909	42,591,702
Japanese Yen	942,564,875	800,203,952
Kenyan Shilling	-	2,241,095
Kuwaiti Dinar	-	852,763
Malaysian Ringgit	-	11,667,106
Mexican Peso	47,391,332	71,642,605
New Israeli Shekel	7,118,867	6,380,617
New Taiwan Dollar	102,591,711	256,386,908
New Zealand Dollar	3,964,350	3,340,250
Norwegian Krone	17,165,221	15,887,629
Philippine Peso	410	6,479,992
Polish Zloty	-	16,559,187
Qatari Riyal	-	7,873,462
Saudi Riyal	2,172,236	25,912,980
Singapore Dollar	38,869,725	37,092,380
South African Rand	19,516,588	49,010,992
South Korean Won	130,681,557	240,750,660
Swedish Krona	134,931,119	107,373,616
Swiss Franc	358,383,108	322,443,558
Thai Baht	119,394	17,691,026
Turkish Lira	7,040,052	6,561,886
Uruguayan peso uruguayo	4,360,910	-
	$ 5,342,870,474	$ 5,511,400,822

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

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

Money-Weighted Rate of Return

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on the investment of the Pension Plan and Health Subsidy Plan, gross of investment expense, for the years ended June 30, 2024 and 2023, was 9.94% and 7.78%, respectively. The source for the rate of return was the June 30, 2024 and 2023 Monthly Returns Analysis provided by the custodian bank, Northern Trust.

NOTE 8 – SECURITIES LENDING

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

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

The borrower has all incidents of ownership with respect to the borrowed securities and collateral including the right to vote and transfer or loan borrowed securities to others. The System is entitled to receive all distributions, which are made by the issuer of the borrowed securities, directly from the borrower. Under the agreement, the custodian will indemnify the System as a result of the custodian's failure to: (1) make a reasonable determination of the creditworthiness of a potential borrower before lending and, during the term of the loan or loans, the borrower files a petition of bankruptcy or similar action, (2) demand adequate collateral, or (3) otherwise maintain the securities lending program in compliance with the Federal Financial Institutions Examinations Council Supervisory Policy on Securities Lending.

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

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

As of June 30, 2024 and 2023, the fair value of securities on loan was $1,599,754,817 and $1,647,214,089, respectively, and the fair value of collateral received was $1,645,877,399 and $1,681,198,731, respectively. Of the $1,645,877,399 collateral received as of June 30, 2024, $858,403,074 was cash collateral and $787,474,325 represented the fair value of non-cash collateral; and of the $1,681,198,731 collateral received as of June 30, 2023, $994,094,326 was cash collateral and $687,104,405 represented the fair value of non-cash collateral. Non-cash collateral, which the System does not have the ability to pledge or sell unless the borrower defaults, is not reported in the Statements of Fiduciary Net Position.

NOTE 8 – SECURITIES LENDING (Continued)

The following represents the balances relating to the securities lending transactions as of June 30, 2024 and 2023:

Fair value of collateral received for loaned securities as of June 30, 2024:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 296,313,903	$ 65,063,120	$ 361,377,023
Domestic Corporate Fixed Income Securities	254,592,722	80,976,334	335,569,056
Domestic Equities	211,027,508	578,790,392	789,817,900
International Fixed Income Securities	4,808,101	456,952	5,265,053
International Equities	91,660,840	62,187,527	153,848,367
	$ 858,403,074	$ 787,474,325	$ 1,645,877,399

Fair value of loaned securities as of June 30, 2024:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 288,211,490	$ 63,171,912	$ 351,383,402
Domestic Corporate Fixed Income Securities	248,120,086	78,726,759	326,846,845
Domestic Equities	205,321,798	566,997,977	772,319,775
International Fixed Income Securities	4,506,397	418,482	4,924,879
International Equities	86,438,985	57,840,931	144,279,916
	$ 832,598,756	$ 767,156,061	$ 1,599,754,817

NOTE 8 – SECURITIES LENDING (Continued)

Fair value of collateral received for loaned securities as of June 30, 2023:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency Securities	$ 332,585,399	$ 20,633,886	$ 353,219,285
Domestic Corporate Fixed Income Securities	242,663,095	49,018,743	291,681,838
Domestic Equities	366,645,869	542,012,667	908,658,536
International Fixed Income Securities	580,706	2,496,178	3,076,884
International Equities	51,619,257	72,942,931	124,562,188
	$ 994,094,326	$ 687,104,405	$ 1,681,198,731

Fair value of loaned securities as of June 30, 2023:

Securities Lent	Cash	Non-Cash	Total Collateral Securities
U.S. Government and Agency	$ 326,945,505	$ 20,201,731	$ 347,147,236
Domestic Corporate Fixed Income Securities	238,554,251	48,000,874	286,555,125
Domestic Equities	359,679,944	533,233,744	892,913,688
International Fixed Income Securities	545,446	2,312,889.00	2,858,335
International Equities	48,907,157	68,832,548	117,739,705
	$ 974,632,303	$ 672,581,786	$ 1,647,214,089

For the fiscal years ended June 30, 2024 and 2023, securities lending income amounted to $6,437,447 and $6,080,080, respectively, while securities lending expenses amounted to $900,298 and $850,027, respectively.

NOTE 9 – DERIVATIVE INSTRUMENTS

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

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

NOTE 9 – DERIVATIVE INSTRUMENTS (Continued)

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

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

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2024, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2024 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2024		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (179,474,293)
Futures - Longs	Investment Loss	(575,920)	Investment	-	813,876,265
Forwards	Investment Revenue	5,837,642	Investment	3,455,256	-
Options	Investment Loss	(275,008)	Investment	27,110	-
Others	Investment Revenue	40,021	Investment	-	-
Rights/Warrants	Investment Loss	(320,757)	Investment	9,677	-
Swaps	Investment Revenue	12,170,927	Investment	3,706,028	-

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2023, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2023 financial statements are as follows:

	Changes in Fair Value		Fair Value at June 30, 2023		Notional
Type	Classification	Amount	Classification	Amount	Amount
Investment Derivatives:					
Futures - Shorts	N/A	$ -	Investment	$ -	$ (134,595,398)
Futures - Longs	Investment Revenue	7,688,368	Investment	-	452,854,702
Forwards	Investment Loss	(5,157,648)	Investment	(2,595,928)	-
Options	Investment Loss	(447,615)	Investment	(1,897)	-
Rights/Warrants	Investment Loss	(338,041)	Investment	37,050	-
Swaps	Investment Revenue	21,184,008	Investment	10,908,101	-

NOTE 10 – CAPITAL ASSETS

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

The following is a summary of the System's capital assets at June 30, 2024 and 2023:

	2024	2023
Capital Assets Not Depreciated/Amortized		
Land	$ 6,465,660	$ 6,465,660
Total Capital Assets Not Depreciated/Amortized	6,465,660	6,465,660
Capital Assets Depreciated/Amortized		
Building	18,777,794	18,777,794
Computer/Software under Development	5,344,701	5,302,524
Furniture and Fixtures	1,297,014	1,297,014
Intangible Asset - SBITA	475,328	311,219
Total Capital Assets Depreciated/Amortized	25,894,837	25,688,551
Less: Accumulated Depreciation/Amortization		
Building	(7,747,769)	(6,806,307)
Computer/Software under Development	(2,661,730)	(2,121,010)
Furniture and Fixtures	(1,297,014)	(1,297,014)
Intangible Asset - SBITA	(126,444)	-
Total Accumulated Depreciation/Amortization	(11,832,957)	(10,224,331)
Total Capital Assets Depreciated/Amortized, Net	14,061,880	15,464,220
Total Capital Assets, Net	$ 20,527,540	$ 21,929,880

NOTE 11 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

During the fiscal year, the System amended an existing agreement for the right to use the document storage management system to reduce the quarterly subscription payment from $27,630 to $25,143, retroactive to July 2023. It also entered into a three-year subscription-based information technology arrangement for the Office 365 Suite (Government), including software and licenses. The agreement is effective from January 2024 to December 2026. An annual payment of $64,731 is due on the first day of the enrollment anniversary. Variable payments based on the usage of the underlying assets are excluded from the subscription liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

As of June 30, 2024, the System recognized intangible assets – SBITA, valued at $475,328 and related accumulated amortization of $126,444.

The System's principal and interest requirements to maturity for SBITA liability, as of June 30, 2024, are as follows:

Year Ending	Principal	Interest	Total
2025	$ 156,552	$ 8,751	$ 165,303
2026	161,703	3,599	165,302
	$ 318,255	$ 12,350	$ 330,605

NOTE 12 – LEASES

LAFPP as a Lessee

The System has evaluated its existing lease agreements as a lessee and determined that the amounts associated do not have a material effect on the System's financial statements under GASB Statement No. 87, *Leases*.

LAFPP as a Lessor

The System entered into three lease agreements to provide office and retail space in the headquarters building to external parties. These leases meet the criteria for recognition as a lessor under GASB Statement No. 87. These leases have a term of three years, with no option for renewal. Per lease agreements, there are predetermined fixed-rate annual increases in lease payments.

As a lessor, the System measures the lease receivable at the lease commencement date as the present value of payments expected to be received from tenants during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Interest is also recognized on the lease receivable earned during the current fiscal year as interest revenue.

The System has recognized $265,956 in lease revenue during the current fiscal year ended to these leases. As of June 30, 2024, the System has lease receivables in the amount of $271,465. Also, the System has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources is $251,705.

NOTE 12 – LEASES (Continued)

LAFPP as a Lessor (Continued)

Future annual receipts for these leases as of June 30, 2024 are as follows:

Year Ending	Principal	Interest	Total
2025	$ 238,775	$ 6,802	$ 245,577
2026	32,690	385	33,075
	$ 271,465	$ 7,187	$ 278,652

NOTE 13 – MORTGAGES PAYABLE

Mortgages are secured by real estate. For fiscal year 2024, interest rates range from 1.81% to 5.71% per annum. The average monthly principal and interest payments range from $37,708 to $140,371. For fiscal year 2023, interest rates ranged from 1.81% to 4.30% per annum. The average monthly principal and interest payments ranged from $10,893 to $88,479.

The mortgages mature from October 2026 to November 2032. Principal and interest payments due under such mortgages are as follows for the years ending June 30:

Year Ending	Principal	Interest	Total
2025	$ -	$ 6,114,539	$ 6,114,539
2026	-	6,235,021	6,235,021
2027	25,000,000	5,895,646	30,895,646
2028	-	5,785,334	5,785,334
2029	65,810,000	3,358,502	69,168,502
2030-2033	92,210,000	3,183,855	95,393,855
	$ 183,020,000	$ 30,572,897	$ 213,592,897

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

The following is a summary of mortgage payable activities for the years ended June 30, 2024 and 2023:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Fair Value June 30, 2024
Mortgage Payable	$ 196,613,299	$ -	$ 13,593,299	$ 183,020,000	$ 173,673,622

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Fair Value June 30, 2023
Mortgage Payable	$ 221,167,168	$ -	$ 24,553,869	$ 196,613,299	$ 186,991,284

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Termination Rights

All members who were active on or after July 1, 1982, have a vested right to their past contributions and accrued interest in the event of their termination prior to retirement, except Tier 4 members. The dollar amount of contributions and interest subject to this right were $2,095,693,051 and $2,102,036,289as of June 30, 2024 and 2023, respectively.

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

Investment Commitment

The System has commitments to contribute capital for real estate and alternative investments in the aggregate amount of approximately $3,599,794,000 and $3,097,744,000 at June 30, 2024 and 2023, respectively.

Retiree Health Subsidy Litigation

In fiscal year 2023-2024, there were two cases before the courts that involved the retiree health insurance premium subsidy program that LAFPP administers ("retiree medical subsidy"). Both pending actions were brought by the Los Angeles Police Protective League against the Board and the City.

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

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

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

NOTE 14 – COMMITMENTS AND CONTINGENCIES (Continued)

Retiree Health Subsidy Litigation (Continued)

While the LAPPL Action I was pending on appeal, on August 10, 2017, the union filed LAPPL Action II. The LAPPL Action II raises the same issues as the LAPPL Action I regarding the 2% contribution and the interpretation of the LOA, but also asserts a new breach of fiduciary duty claim against LAFPP, which preserves the union's rights to challenge LAFPP's 2017 discretionary action to set the subsidy should the union lose the issues in the pending LAPPL Action I. On July 3, 2018, the LAPPL filed a First Amended Complaint, asserting the same claims based on LAFPP's 2018 discretionary action in setting the subsidy. The union filed a Second Amended Complaint to add LAFPP's 2019 and 2020 discretionary actions in setting the subsidy. The union later sought to file a Third Amended Complaint to add LAFPP's 2021 discretionary actions in setting the subsidy, and on or around August 11, 2021, the parties stipulated to permit the union to file its Third Amended Complaint. The union has not filed any further amended pleadings for LAFPP's 2022, 2023, and 2024 discretionary actions.

On February 15, 2019, the LAPPL I Action was remanded back to the Superior Court and reassigned to Judge Holly Fujie for further trial proceedings The City filed a motion to consolidate the two actions before Judge Fujie, which the Court granted. On September 30, 2019, Judge Fujie ordered that the case be heard in phases. In Phase One, the LOA interpretation issues common to LAPPL I and LAPPL II are to be heard in a bench trial. Upon resolution of Phase One, the Court will then address the residual fiduciary duty claims against LAFPP unique to LAPPL II.

On September 20 and 21, and October 28, 2021, Judge Fujie held a bench trial began in Phase One of the consolidated action. On May 2, 2022, Judge Fujie issued the trial court's Final Statement of Decision for Phase One in favor of the City on the LOA interpretation issues. On June 23, 2022 the union plaintiff appealed the trial court's Final Statement of Decision for Phase One. As of September 19, 2024, Phase One of the consolidated action is pending on appeal and Phase Two continues to be stayed pending the final resolution of Phase One.

Current Status of the Retiree Medical Subsidy

LAFPP provides a subsidy frozen at the 2011 levels to current and future retired members who chose not to "opt-in" and contribute an additional 2% of their salaries in order to avoid the Freeze Ordinance.

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

NOTE 15 – RISKS AND UNCERTAINTIES

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

NOTE 15 – RISKS AND UNCERTAINTIES (Continued)

As of the date of this report, investment markets continue to experience increased volatility due to high inflation rates globally, actions by central banks to control inflation via higher interest rates, geopolitical tensions, and investor concerns over a looming recession in the U.S. As a result, the Plan's investment portfolio has experienced volatility in fair market value. However, because the values of the Plan's investments have and will fluctuate in response to changing market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. The value of the Plan's investments has a direct impact on its funded status. As a result of any declines in market value the Plan Sponsor may need to make greater cash contributions to fund the Plan in the future. However, the actual impact, if any, on future required contributions or Plan liquidity cannot be determined at this time.

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 27, 2024, which is the date the financial statements were available to be issued. Besides those mentioned below, there were no further subsequent events to disclose.

Surplus Management Policy

On August 1, 2024, the Board approved a surplus management policy to take effect once the Retirement or OPEB Plan becomes fully funded. This policy allows for the Unfunded Actuarial Accrued Liability (UAAL) contribution rate, as determined in the prior valuation, to phase out linearly to 0.00% over a designated glide path period, as recommended by the actuary and adopted by the Board.

The glide path is designed to maintain stable contribution rates unless the Plan's funded status falls below 100%. In such cases, adjustments would be made to ensure adequate funding. The policy also details specific criteria for contribution adjustments and credits based on actuarial projections, including provisions for maintaining smooth contribution levels during the glide path phase-out period.

Measure FF – Los Angeles Fire and Police Pensions; Peace Officers Pension Changes

On November 5, 2024, Measure FF was included on the ballot. If the measure passes, it will amend the City Charter to allow all sworn peace officers (Los Angeles Police Department, Airport Police, Harbor Police and Recreation and Parks Departments peace officers) who are currently part of the Los Angeles City Employees' Retirement System (LACERS) to transfer into Tier 6 of LAFPP. Tier 6 serves as the pension plan for LAFPP members.

NOTE 16 – SUBSEQUENT EVENTS (Continued)

Measure FF – Los Angeles Fire and Police Pensions; Peace Officers Pension Changes (Continued)

If Measure FF passes, the following changes will take effect:

- Transfer Process for LACERS Peace Officers: The City Council will establish a process for LACERS Peace Officers, actively employed on January 12, 2025, to make a one-time decision to transfer their membership, years of service, and retirement contributions from LACERS to LAFPP Tier 6.
- Service Years and Contributions Transfer: Certain LAFPP Tier 6 members will be allowed to transfer their remaining years of service and retirement contributions from LACERS to LAFPP Tier 6.
- Refund of Out-of-Pocket Costs: LAFPP will issue refunds for out-of-pocket costs paid by eligible Tier 6 Members who previously transferred from LACERS to LAFPP Tier 6.
- City-Funded Expenses: The City will bear all expenses and ongoing increased costs associated with the transfer of LACERS Peace Officers, including the refunds described above, to ensure no additional costs on LAFPP.

The final result for this measure is not available as of November 27, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

	06/30/24	06/30/23	06/30/22	06/30/21	06/30/20
Total Pension Liability:					
Service Cost	$ 442,649	$ 452,190	$ 456,446	$ 455,362	$ 410,559
Interest	1,855,769	1,797,828	1,749,640	1,668,212	1,654,964
Benefit Payments	(1,465,169)	(1,352,465)	(1,244,736)	(1,186,963)	(1,121,252)
Experience Losses (Gains)	258,521	258,373	(214,833)	254,452	(23,348)
Assumption Changes	-	(262,300)	-	-	48,286
Other[1]	-	-	-	-	-
Net Change	1,091,770	893,626	746,517	1,191,063	969,209
Total Pension Liability at Beginning of Year	3,800,415	2,906,789	2,160,272	969,209	-
Total Pension Liability at End of Year (a)	$ 4,892,185	$ 3,800,415	$ 2,906,789	$ 2,160,272	$ 969,209
Fiduciary Net Position:					
Employer Contributions	$ 480,810	$ 481,824	$ 535,450	$ 543,819	$ 516,638
Member Contributions	157,191	151,935	149,243	157,786	153,787
Net Investment Income[3]	2,561,982	1,920,464	(2,021,582)	6,972,104	606,244
Benefit Payments	(1,465,169)	(1,352,465)	(1,244,736)	(1,186,963)	(1,121,252)
Administrative Expenses	(24,068)	(22,994)	(22,146)	(21,372)	(20,685)
Other[1]			-	-	-
Net Change (Gain)	1,710,746	1,178,764	(2,603,771)	6,465,374	134,732
Fiduciary Net Position at Beginning of Year	5,175,099	3,996,335	6,600,106	134,732	-
Fiduciary Net Position at End of Year (b)[2]	$ 6,885,845	$ 5,175,099	$ 3,996,335	$ 6,600,106	$ 134,732
Net Pension Liability/(Asset) (a)-(b)	$ (1,993,660)	$ (1,374,684)	$ (1,089,546)	$ (4,439,834)	$ 834,477
Plan fiduciary net position as a percentage of the total pension liability	100.92%	98.64%	97.50%	110.74%	89.27%
Covered employee payroll	$ 1,600,181	$ 1,608,133	$ 1,598,685	$ 1,603,349	$ 1,509,613
Plan net position liability as a percentage of covered employee payroll	-15.96%	22.61%	40.58%	-168.49%	170.43%

Notes to Schedule:
GASB Statement No.67 requires this information to be reported for 10 years.

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

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

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

(3) Includes a prior year adjustment resulting from recognizing lease revenue according to GASB Statement No. 87, Leases.

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

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

	06/30/19	06/30/18	06/30/17	06/30/16	06/30/15
Total Pension Liability:					
Service Cost	$ 402,708	$ 390,743	$ 367,600	$ 365,956	$ 368,700
Interest	1,572,220	1,502,656	1,436,068	1,399,576	1,384,527
Benefit Payments	(1,070,456)	(994,800)	(930,078)	(990,363)	(918,909)
Experience Losses (Gains)	81,465	21,700	(320,404)	(595,188)	(310,882)
Assumption Changes	357,369	-	695,450	-	-
Other [(1)]		2,505	-	-	-
Net Change	1,263,656	922,804	1,248,636	179,981	523,436
Total Pension Liability at Beginning of Year	21,736,849	20,814,045	19,565,409	19,385,428	18,861,992
Total Pension Liability at End of Year (a)	$ 23,000,505	$ 21,736,849	$ 20,814,045	$ 19,565,409	$ 19,385,428
Fiduciary Net Position:					
Employer Contributions	$ 504,877	$ 459,632	$ 454,309	$ 478,385	$ 480,332
Member Contributions	147,753	145,112	128,900	129,734	126,771
Net Investment Income	1,218,138	1,892,870	2,260,130	159,313	686,470
Benefit Payments	(1,070,456)	(994,800)	(930,078)	(990,363)	(918,909)
Administrative Expenses	(20,244)	(19,908)	(20,816)	(19,346)	(17,815)
Other [(1)]	-	2,505	-	-	-
Net Change (Gain)	780,068	1,485,411	1,892,445	(242,277)	356,849
Fiduciary Net Position at Beginning of Year	20,482,133	18,996,722	17,104,277	17,346,554	16,989,705
Fiduciary Net Position at End of Year (b) [(2)]	$ 21,262,201	$ 20,482,133	$ 18,996,722	$ 17,104,277	$ 17,346,554
Net Pension Liability/(Asset) (a)-(b)	$ 1,738,304	$ 1,254,716	$ 1,817,323	$ 2,461,132	$ 2,038,874
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.44%	94.23%	91.27%	87.42%	89.48%
Covered Employee Payroll	$ 1,487,978	$ 1,451,996	$ 1,397,245	$ 1,351,788	$ 1,316,969
Plan Net Position Liability as a Percentage of Covered Employee Payroll	116.82%	86.41%	130.06%	182.06%	154.82%

Notes to Schedule:
GASB Statement No.67 requires this information to be reported for 10 years.

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

(1) In the fiscal year 2018, includes employer and employee contributions transferred from the Los Angeles City Employees' Retirement System (LACERS) for the Airport Police Officers who elected to join the System in Tier 6.

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

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

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

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll [3]	Contribution as % of Payroll [1]
6/30/2024	$ 480,810	$ 480,810	-	$ 1,600,181	30%
6/30/2023	481,824	481,824	-	1,608,133	30%
6/30/2022	535,450	535,450	-	1,598,685	33%
6/30/2021	543,819	543,819	-	1,603,349	34%
6/30/2020	516,638	516,638	-	1,509,613	34%
6/30/2019	504,877	504,877	-	1,487,978	34%
6/30/2018	459,632 [2]	459,632 [2]	-	1,451,996	32%
6/30/2017	454,309	454,309	-	1,397,245	33%
6/30/2016	478,385	478,385	-	1,351,788	35%
6/30/2015	480,332	480,332	-	1,316,969	36%

Notes to Schedule:
GASB Statement No.67 requires this information to be reported for 10 years.

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

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

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

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

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

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

The assumptions used in establishing the ADC for the year ended June 30, 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.
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	Any Surplus is amortized over an open (non-decreasing) 30-year period. Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset Valuation Method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial Assumptions:	
June 30, 2022 Valuation	
Investment Rate of Return	7.00%, net of investment expenses
Inflation Rate	2.75%
Administrative Expenses:	Out of the total 1.40% of payroll in administrative expense, 1.29% of payroll payable biweekly is allocated to the Pension Plan. This is equal to 1.25% of payroll payable at beginning of the year.
Real Across-the-Board Salary	0.50%
Projected Salary Increases	Ranges from 4.15% to 12.25% based on years of service
Cost of Living Adjustments	2.75% of retirement income for all Tiers. 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.

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

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

	2024	2023	2022	2021	2020
Annual money-weighted rate of return, gross of investment expense	9.94%	7.78%	-7.23%	32.56%	3.04%

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, gross of investment expense	6.21%	9.21%	13.27%	1.04%	4.15%

Notes to Schedule:
GASB Statement No.67 requires this information to be reported for 10 years.

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2015 through 2024, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. In fiscal year 2022, rates for the fiscal years 2016 and 2018 were updated from preliminary rates to final rates.

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

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

Date	Discount Rate	Total Pension Liability (TPL)	Fiduciary Net Position (FNP)	Net Pension Liability (NPL)	Funded Status (FNP/TPL)	Covered Payroll	NPL %Pay
6/30/2024	7.00%	27,892,690	28,148,046	(255,356)	100.9%	1,600,181	-16%
6/30/2023	7.00%	26,800,920	26,437,300	363,620	98.6%	1,608,133	23%
6/30/2022	7.00%	25,907,294	25,258,536	648,758	97.5%	1,598,685	41%
6/30/2021	7.00%	25,160,777	27,862,307	(2,701,530)	110.7%	1,603,349	-168%
6/30/2020	7.00%	23,969,714	21,396,933	2,572,781	89.3%	1,509,613	170%
6/30/2019	7.25%	23,000,505	21,262,200	1,738,304	92.4%	1,487,978	117%
6/30/2018	7.25%	21,736,849	20,482,133	1,254,716	94.2%	1,451,996	86%
6/30/2017	7.25%	20,814,045	18,996,721	1,817,323	91.3%	1,397,245	130%
6/30/2016	7.50%	19,565,409	17,104,276	2,461,132	87.4%	1,351,788	182%
6/30/2015	7.50%	19,385,428	17,346,554	2,038,874	89.5%	1,316,969	155%

Notes to Schedule:
GASB Statement No.67 requires this information to be reported for 10 years.

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

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

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

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Total OPEB Liability:					
Service Cost	$ 83,191	$ 77,653	$ 79,825	$ 80,618	$ 79,394
Interest	267,221	255,593	266,036	260,018	263,088
Benefit Payments	(164,341)	(153,918)	(147,467)	(151,855)	(143,600)
Experience Losses (Gains)	619	18,082	(8,923)	8,191	(190,525)
Assumption Changes	64,999	(31,715)	(333,313)	(113,656)	80,297
Other[1]	-	-	-	-	-
Net Change	251,689	165,695	(143,842)	83,316	88,654
Total OPEB Liability at Beginning of Year	3,815,027	3,649,332	3,793,174	3,709,858	3,621,204
Total OPEB Liability at End of Year (a)	$ 4,066,716	$ 3,815,027	$ 3,649,332	$ 3,793,174	$ 3,709,858
Fiduciary Net Position:					
Employer Contributions	$ 164,560	$ 186,418	$ 193,140	$ 200,425	$ 193,213
Net Investment Income	287,508	214,764	(209,565)	698,434	58,101
Benefit Payments	(164,341)	(153,918)	(147,467)	(151,856)	(143,600)
Administrative Expenses	(2,701)	(2,571)	(2,296)	(2,141)	(1,982)
Other[1]	-	-	-	-	-
Net Change (Gain)	285,026	244,693	(166,188)	744,862	105,732
Fiduciary Net Position at Beginning of Year	2,966,815	2,722,122	2,888,310	2,143,448	2,037,716
Fiduciary Net Position at End of Year (b)[2]	$ 3,251,841	$ 2,966,815	$ 2,722,122	$ 2,888,310	$ 2,143,448
Net OPEB Liability/(Asset) (a)-(b)	$ 814,875	$ 848,212	$ 927,210	$ 904,864	$ 1,566,410
Plan fiduciary net position as a percentage of the total OPEB liability	79.96%	77.77%	74.59%	76.14%	57.78%
Covered employee payroll	$ 1,600,181	$ 1,608,133	$ 1,598,685	$ 1,603,349	$ 1,509,613
Plan net position liability as a percentage of covered employee payroll	50.92%	52.75%	58.00%	56.44%	103.76%

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

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

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

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

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

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

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Total OPEB Liability:				
Service Cost	$ 74,090	$ 69,940	$ 65,407	$ 61,292
Interest	260,513	243,769	231,285	222,424
Benefit Payments	(137,874)	(130,722)	(122,561)	(116,678)
Experience Losses (Gains)	(249,568)	(16,532)	(144,022)	(50,071)
Assumption Changes	85,911	63,332	248,049	-
Other[1]	-	517	-	-
Net Change	33,072	230,304	278,158	116,967
Total OPEB Liability at Beginning of Year	3,588,132	3,357,828	3,079,670	2,962,703
Total OPEB Liability at End of Year (a)	$ 3,621,204	$ 3,588,132	$ 3,357,828	$ 3,079,670
Fiduciary Net Position:				
Employer Contributions	$ 188,020	$ 178,462	$ 165,170	$ 150,315
Net Investment Income	111,188	166,040	189,420	12,771
Benefit Payments	(137,874)	(130,722)	(122,561)	(116,678)
Administrative Expenses	(1,856)	(1,745)	(1,747)	(1,551)
Other[1]	-	517	-	-
Net Change (Gain)	159,478	212,552	230,282	44,857
Fiduciary Net Position at Beginning of Year	1,878,238	1,665,686	1,435,404	1,390,547
Fiduciary Net Position at End of Year (b)[2]	$ 2,037,716	$ 1,878,238	$ 1,665,686	$ 1,435,404
Net OPEB Liability/(Asset) (a)-(b)	$ 1,583,488	$ 1,709,894	$ 1,692,142	$ 1,644,266
Plan fiduciary net position as a percentage of the total OPEB liability	56.27%	52.35%	49.61%	46.61%
Covered employee payroll	$ 1,487,978	$ 1,451,996	$ 1,397,245	$ 1,351,788
Plan net position liability as a percentage of covered employee payroll	106.42%	117.76%	121.11%	121.64%

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

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

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

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

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

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

Fiscal Year Ending	Actuarially Determined Contribution	Actual Fiscal Year Contribution	Deficiency (Excess)	Covered Payroll (2	Contribution as % of Payroll
2024	$ 164,560	$ 164,560	-	$ 1,600,181	10%
2023	186,418	186,418	-	1,608,133	12%
2022	193,140	193,140	-	1,598,685	12%
2021	200,425	200,425	-	1,603,349	13%
2020	193,213	193,213	-	1,509,613	13%
2019	188,020	188,020	-	1,487,978	13%
2018	178,462 (1)	178,462 (1)	-	1,451,996	12%
2017	165,170	165,170	-	1,397,245	12%
2016	150,315	150,315	-	1,351,788	11%
2015	148,477	148,477	-	1,316,969	11%

Notes to Schedule:
GASB Statement No. 74 requires this information to be reported for 10 years.

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

(2) Covered payroll represents payroll on which contributions to the Health Subsidy Plan are based.

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

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

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

The assumptions used in establishing the ADC for the year ended June 30, 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.
Amortization method	For Tier 1, level dollar amortization is used with last period ending on June 30, 2037. For Tiers 2, 3 and 4, level percent of payroll amortization with multiple layers is used as a percent of total valuation payroll from the respective employer (i.e., City). For Tiers 5 and 6, level percent of payroll with multiple layers is used as a percent of combined payroll for these tiers from the respective employer (i.e., City, Harbor Department or Airport Department).
Remaining amortization period	Actuarial gains/losses are amortized over 20 years. Assumption changes are amortized over 20 years. Plan changes are amortized over 15 years.
Asset valuation method	The market value of assets less unrecognized returns. Unrecognized return is equal to the difference between the actual and the expected return on a market value basis, and is recognized over a seven-year period. The actuarial value of assets is further adjusted, if necessary, to be within 40% of the market value of assets.
Actuarial assumptions:	
June 30, 2022 valuation	
Investment rate of return	7.00%, net of investment expenses
Inflation rate	2.75%
Administrative Expenses:	Out of the total 1.40% of payroll in administrative expense, 0.11% of payroll payable biweekly is allocated to the Retiree Health Plan. This is equal to 0.11% of payroll payable at beginning of the year.
Real across-the-board salary	0.50%
Projected salary increases	Ranges from 4.15% to 12.25% based on years of service
Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuations.

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

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

	2024	2023	2022	2021	2020
Annual money-weighted rate of return, gross of investment expense	9.94%	7.78%	-7.23%	32.56%	3.04%

	2019	2018	2017	2016	2015
Annual money-weighted rate of return, gross of investment expense	6.21%	9.21%	13.27%	1.04%	4.15%

Notes to Schedule:
GASB Statement No. 74 requires this information to be reported for 10 years.

The money-weighted rate of return expresses investment performance, gross of investment expense, adjusted for the changing amounts actually invested. The source for the rate of return was the June 30 Investment Hierarchy and Monthly Returns Analysis provided by the custodian bank, Northern Trust. For the fiscal years 2015 through 2024, the custodian bank did not have all information related to investment expense to calculate the money-weighted rate of return net of investment expense. In fiscal year 2022, rates for the fiscal years 2016 and 2018 were updated from preliminary rates to final rates.

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

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

Date	Discount Rate	Total OPEB Liability (TOL)	Fiduciary Net Position (FNP)	Net OPEB Liability (NOL)	Funded Status (FNP/TOL)	Covered Payroll	NOL %Pay
6/30/2024	7.00%	$ 4,066,716	$ 3,251,841	$ 814,875	80.0%	$ 1,600,181	51%
6/30/2023	7.00%	3,815,027	2,966,815	848,212	77.8%	1,608,133	53%
6/30/2022	7.00%	3,649,332	2,722,122	927,210	74.6%	1,598,685	58%
6/30/2021	7.00%	3,793,174	2,888,310	904,864	76.1%	1,603,349	56%
6/30/2020	7.00%	3,709,858	2,143,448	1,566,410	57.8%	1,509,613	104%
6/30/2019	7.25%	3,621,204	2,037,716	1,583,488	56.3%	1,487,978	106%
6/30/2018	7.25%	3,588,132	1,878,237	1,709,895	52.3%	1,451,996	118%
6/30/2017	7.25%	3,357,828	1,665,686	1,692,142	49.6%	1,397,245	121%
6/30/2016	7.50%	3,079,670	1,435,404	1,644,266	46.6%	1,351,788	122%

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the Pension Plan and Health Subsidy Plan, administered by the Los Angeles Fire and Police Pension System (the System), which comprise the statements of fiduciary net position as of June 30, 2024, and the related statements of changes in fiduciary net position for the year then ended, and the related notes to the financial statements for each plan, and have issued our report thereon dated November 27, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Simpson & Simpson

Los Angeles, California
November 27, 2024

Ismael Miranda Photo

SECTION 3
DEPARTMENT BUDGET

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Celebrating 125 YEARS

DEPARTMENT BUDGET

Receipts	Budgeted 2023-24	Actual 2023-24[5]
City Contribution	636,872,654	636,872,654
Special Fund (Harbor)	4,896,089	4,896,089
Special Fund (Airports)	3,601,367	3,601,367
Member Contributions[1]	166,028,798	157,191,117
Earnings on Investments	506,000,000	763,378,637
Gain (Loss) on Sale of Investments[2]	--------	1,159,179,545
Miscellaneous[3]	500,000	697,339
Total Receipts	1,317,898,908	2,725,816,748
Excess Benefit Plan[4]	424,520	424,520

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

[2] *This amount does not include a $1,082,096,125 unrealized increase in the value of investments as a result of the positive performance of the stock markets. If included, it would match the amount shown in the System's audited financial report of $2,241,275,671 as Net Appreciation in Fair Value of Investments including Gain and Loss on Sale of Investments.*

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

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

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

Expenditures	Budgeted 2023-24	Actual 2023-24
Service Pensions	966,000,000	966,588,857
Service Pensions – DROP Distributions	273,033,000	211,546,327
Disability Pensions	113,000,000	112,885,695
Surviving Spouse/Domestic Partner Pensions	165,000,000	161,732,846
Minor/Dependent Child Pensions	4,100,000	3,655,109
Refund of Member Contributions	9,800,000	8,760,384
Health Insurance Premium Subsidy	145,000,000	142,496,557
Dental Insurance Premium Subsidy	5,300,000	4,874,022
Medicare Reimbursement	17,000,000	15,256,405
Health Insurance Premium Reimbursement	1,900,000	1,713,908
Investment Management Expense	163,294,890	155,861,569
Administrative Expense	27,936,900	26,768,636
Total Expenditures	1,891,364,790	1,812,140,315
Increase (Decrease) in Fund Balance	(573,465,882)	913,676,433

SUMMARY OF RECEIPTS

The Department receives revenue primarily from three sources: Employer Contributions (City, Harbor, and Airports), Member Contributions, and Investment Earnings. In 2023-24, the Department received total revenue of $2.73 billion[1], an increase of $1.11 billion, or +68.41%, from 2022-23. The change was primarily due to an increase in Investment Earnings, as well as a moderate increase in member contributions.

EMPLOYER CONTRIBUTIONS

Employer Contributions are based on the application of the actuary's computed rates for each tier to the budgeted sworn payroll. It is comprised of the City's General Fund contribution and Special Fund (Harbor and Airports Departments) contributions. In 2023-24, Employer Contributions, excluding funds for the Excess Benefit Plan, totaled $645.37 million, a decrease of $22.87 million, or -3.42%, from 2022-23.

MEMBER CONTRIBUTIONS

Member Contributions are calculated based on the contribution rate for a member's tier. These rates range from 8% to 9% of salaries for members in Tiers 3 through 5, while members in Tier 6 contribute 11% of salary. All remaining active Tier 2 members have completed at least 30 years of service and therefore no longer make pension contributions. In 2023-24, revenue received from Member Contributions was $157.19 million, an increase of $5.26 million, or +3.46%, from 2022-23.

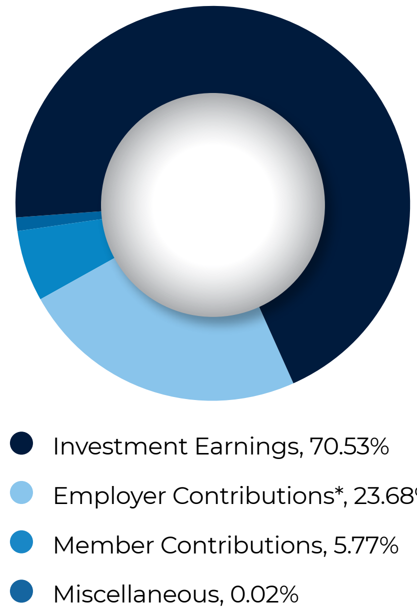
[1] *This does not include Excess Benefit Plan funds.*

INVESTMENT EARNINGS

Investment Earnings consist of 'Earnings on investments' and 'Gain (Loss) on Sale of Investments'. In 2023-24, the Department received investment earnings of $1.92 billion, an increase of $1.12 billion, or +140.94%, from 2022-23.

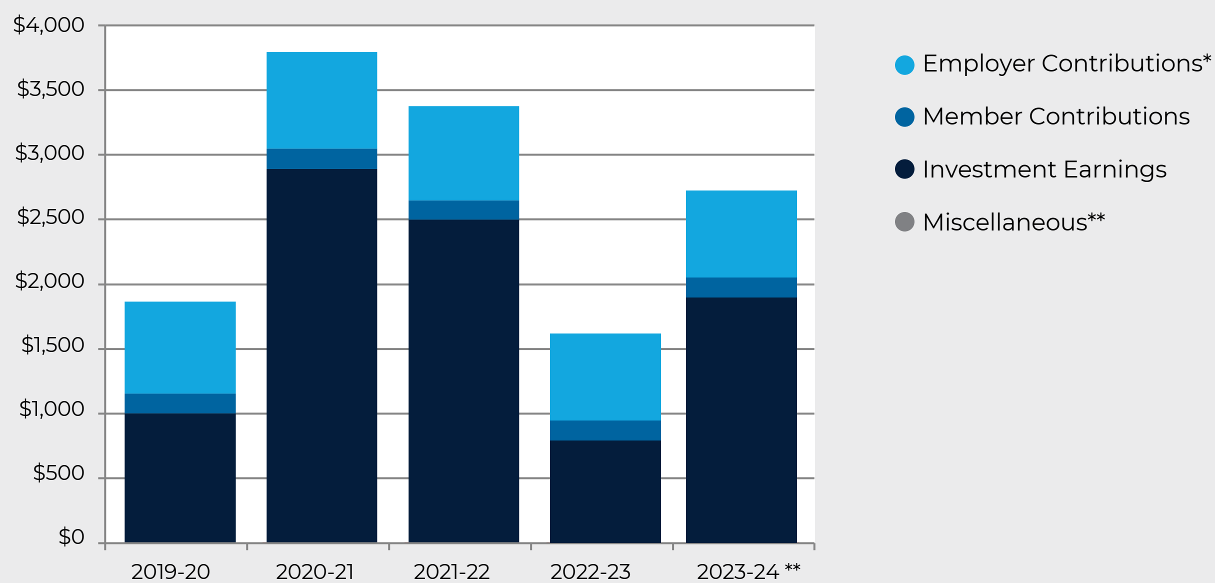
- **Earnings on Investments** – includes real estate and private equity net cash, interest and dividends, and miscellaneous income. Earnings on Investments in 2023-24 were $763.38 million, an increase of $77.77 million, or +11.34%, from 2022-23.
- **Gain (Loss) on Sale of Investments** – includes actual cash receipts to the Pension System on the sale of investments. Gains or losses on the sale of investments are a function of how many transactions are performed by our investment advisors. In 2023-24, the Department received $1.16 billion in cash through these transactions, an increase of $1.05 billion, or +931.82%, from 2022-23.

2023-24 Budget **Actual Receipts**



** Excludes Excess Benefit Plan (EBP).*

Receipts In Millions **Five-Year Receipts History**



** Excludes Excess Benefit Plan (EBP).*

*** Miscellaneous receipts in 2023-24 was $0.70 million or 0.02% of Total Receipts.*

SUMMARY OF EXPENDITURES

The Department's expenses are divided into three categories: Pensions and Benefits, Investment Management, and Administrative Expenses. For 2023-24, expenses totaled $1.81 billion, an increase of $146.46 million, or +8.79%, from 2022-23.

PENSIONS AND BENEFITS EXPENSE

The Department's Pensions and Benefits Expense includes Service Pensions, Deferred Retirement Option Plan (DROP) Distributions, Disability Pensions, Surviving Spouse/Domestic Partner Pensions, Minor/Dependent Child Pensions, Refund of Member Contributions, and health benefit-related expenses. In 2023-24, Pensions and Benefits Expenses were $1.63 billion, which represented 89.92% of total expenses and an increase of $123.13 million, or +8.17%, from 2022-23. The increase in Pensions and Benefits Expense can be largely attributed to the Cost of Living Adjustment (COLA) for eligible pensioners, an increase in the total number pensioners, and an increase in the average monthly benefit amount.

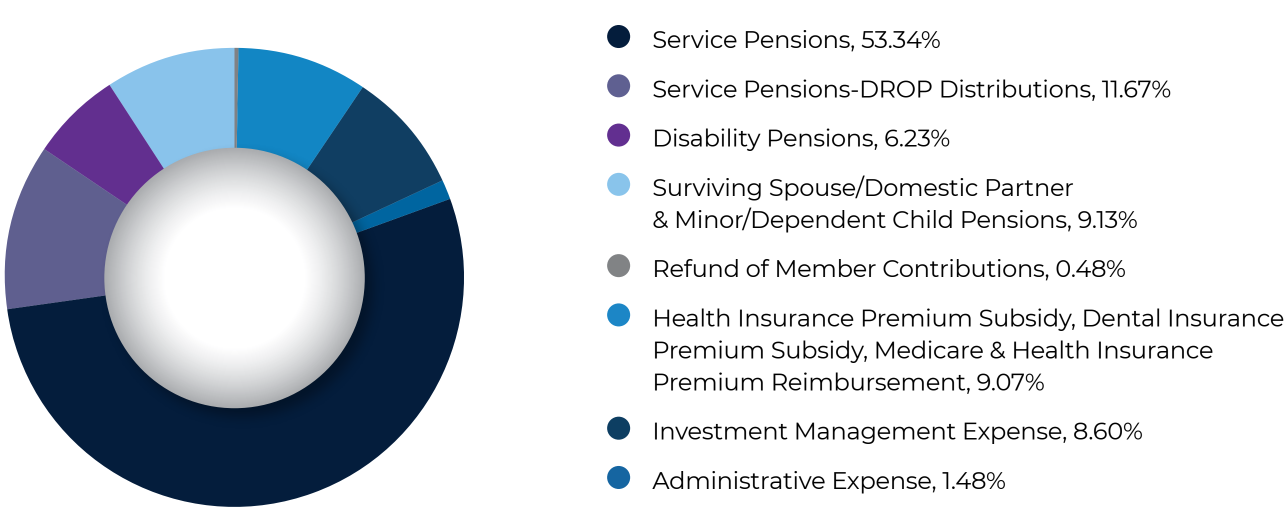
INVESTMENT MANAGEMENT EXPENSE

In 2023-24, the Investment Management Expense was $155.86 million, which represented 8.60% of total expenses and an increase of $22.13 million, or +16.55%, from 2022-23. Actual payments to investment managers depend on the amount of assets under management, portfolio performance, the period in which the fee is calculated, and the terms and conditions of the individual contracts as approved by the Board.

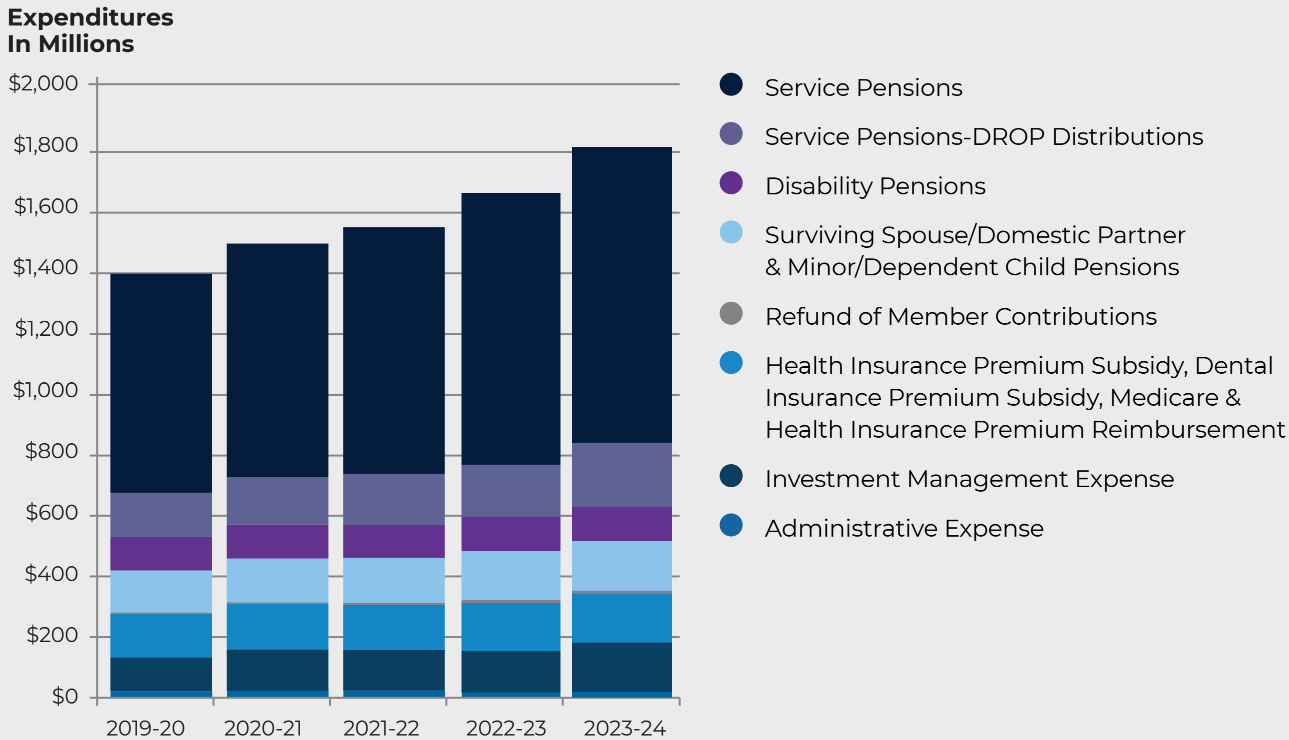
ADMINISTRATIVE EXPENSE

Administrative Expense includes staff salaries and benefits, and operating costs. In 2023-24, the Department's Administrative Expense was $26.77 million, which represented 1.48% of the total expenses and an increase of $1.20 million, or 4.71%, from 2022-23. The Detail of Administrative Expense is provided on page 94.

2023-24 Budget **Actual Expenditures**



Five-Year Expenditures History



DETAIL OF ADMINISTRATIVE EXPENSE

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

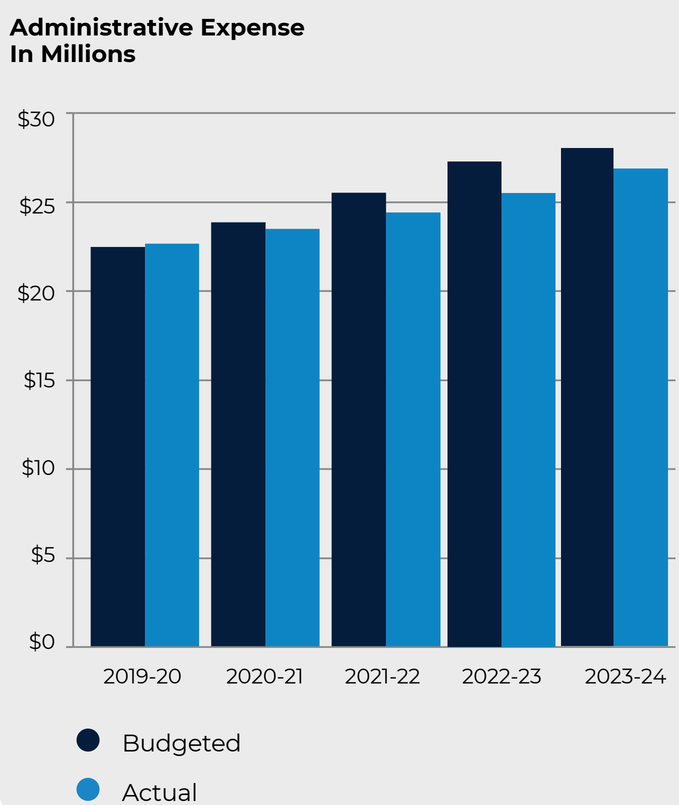
SALARIES AND RELATED COSTS

Salaries and related costs comprised 75.69% of the total Administrative Expense in 2023-24, with a total of $20.26 million expended (an increase of $0.76 million or +3.88%, from 2022-23). The increase is largely attributed to City-negotiated salary increases, employee health benefits, and one-time payouts.

OPERATING COSTS

Operating costs comprised 24.31% of the total Administrative Expense in 2023-24, with a total of $6.51 million expended (an increase of $0.45 million or +7.35%, from 2022-23). The increase in operating costs is a result of growing contractual expenses, Board election expenses, and medical services. These were offset with minor decreases to travel and office and administrative expenses.

Five-Year Administrative Expense History



SECTION 4
INVESTMENTS

1899

Celebrating 125 YEARS

INVESTMENT STATEMENT

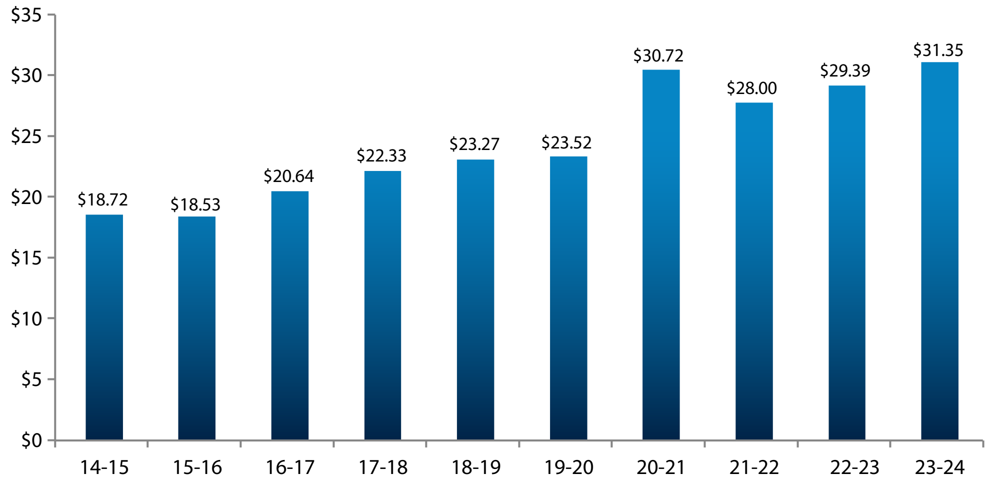
The main goal of the Los Angeles Fire and Police Pension Plan's (System, Fund, or Plan) investment program is to manage the System's assets to be able to provide the retirement benefits promised to the System's members and their beneficiaries. The Charter of the City of Los Angeles created the System,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

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

The single most important decision the Board can make in the management of the investment program is the determination of the System's asset allocation. The allocation of the System's assets among various asset classes influences both the expected investment return and the amount of investment risk undertaken. The asset allocation employed in 2023-24 was approved by the Board on October 6, 2022, and updated on August 3, 2023. It is available in Appendix 1 of Section 1.0 of the Investment Policies; it is also illustrated and discussed later in this Section under *Asset Allocation Decisions*.

For the five-year period that ended June 30, 2024, the System's total assets increased by $8.08 billion to approximately $31.35 billion. For the one-year period that ended June 30, 2024, the System's total assets increased by $1.96 billion.

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



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

INVESTMENT ENVIRONMENT

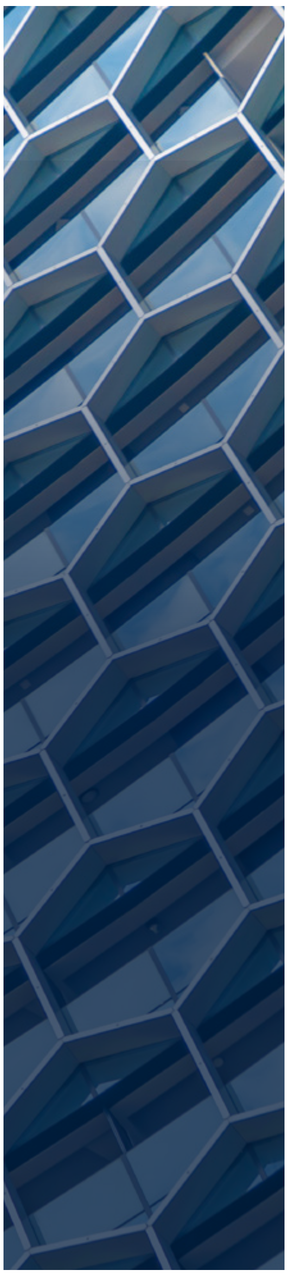
Over the one-year period ending June 30, 2024, global financial markets experienced a high degree of volatility driven by evolving economic indicators, monetary policy shifts, and geopolitical events.

In the United States, equity markets ultimately delivered strong returns despite the volatility. The third quarter of 2023 saw a reversal into negative territory due to rising inflation, a U.S. debt rating downgrade, labor disputes, and government funding uncertainties. Investors grappled with the prospect of "higher for longer" interest rates, leading to increased uncertainty about the economic environment and negative equity returns.

However, in the fourth quarter, markets rebounded sharply. The Russell 3000 Index returned 12.1%, driven largely by a few mega-cap growth companies known as the "Magnificent 7." Advancements in artificial intelligence (AI) contributed to positive sentiment, benefiting companies directly involved in AI development, particularly the Magnificent 7.

INVESTMENT ENVIRONMENT, CONT.

This positive momentum continued into the first half of 2024, with the Russell 3000 Index gaining 10.0% in Q1 and 3.2% in Q2. Market gains were concentrated in a few large-cap stocks, highlighting narrow market breadth. Developed international equities underperformed U.S. markets over the same time period, with the MSCI EAFE Index returning 5.8% in Q1 and -0.4% in Q2 due to economic challenges and monetary policy changes in Europe.



Fixed income markets faced headwinds amid shifting expectations for monetary policy and inflation. In Q3 2023, the Bloomberg U.S. Aggregate Bond Index returned -3.2% as Treasury yields rose and the yield curve became less inverted. The fourth quarter saw a rebound, with the index gaining 6.8%, as moderating inflation and hopes for a more accommodative Federal Reserve stance improved investor sentiment.

In the first half of 2024, fixed income returns were mixed. Persistent inflation and strong labor markets led to rising yields, with the 10-year Treasury yield ending Q1 at 4.2% and Q2 at 4.4%. The Bloomberg U.S. Aggregate Bond Index returned -0.8% in Q1 and 0.1% in Q2. The yield curve remained inverted throughout the year, signaling concerns about long-term economic growth.

Inflation remained a central focus for policymakers. The Consumer Price Index (CPI) was 3.7% in September 2023 due to rising energy prices but moderated to 3.0% by June 2024. The Federal Open Market Committee (FOMC) raised interest rates by 25 basis points in Q3 2023 and indicated a cautious approach to future policy changes, emphasizing the need for “greater confidence” in declining inflation.

Expectations for rate cuts fluctuated during the year. In late March 2024, the FOMC planned for three rate cuts during the year, but by Q2 2024, projections indicated only one expected rate cut by year-end. The “dot plot” released by the FOMC showed dispersion in rate forecasts among members.

The labor market remained robust, with unemployment at 3.7% by the end of 2023. Economic indicators were mixed: manufacturing Purchasing Managers’ Index (PMI) remained in contraction, while services PMI stayed expansionary. Corporate earnings were resilient, contributing to positive market performance.

Global economic forecasts projected moderate growth. The Organization for Economic Co-operation and Development (OECD) anticipated world GDP growth of 2.9% in 2024 and 3.0% in 2025. The World Bank projected global GDP growth of 2.6% in 2024 and 2.7% in 2025. Inflation was expected to decrease gradually but remained above target levels.

INVESTMENT ENVIRONMENT, CONT.

Core private real estate faced challenges, recording negative returns each quarter. The NFI-ODCE Index reported returns of -2.0% in Q3 2023, -4.8% in Q4 2023, -2.4% in Q1 2024, and -0.5% in Q2 2024. Elevated borrowing costs and expenses contributed to negative price appreciation, though declines showed signs of slowing by mid-2024.

Publicly traded real estate was volatile but indicated potential stabilization. The FTSE NAREIT All REITs Index returned -8.0% in Q3 2023, surged 17.6% in Q4, and then posted -1.3% and -0.9% in Q1 and Q2 2024. Historically, public REIT performance has been a leading indicator for private real estate markets, suggesting that the negative trend might be nearing a bottom.

During this period, private equity showed signs of recovery. Buyout activity increased by approximately 12% year-over-year in the first half of 2024, supported by more accommodating credit markets that spurred refinancings and repricings. Portfolio company valuations stabilized and exit values rose by 15%, though the number of exits remained flat. The median hold period for exits decreased to under six years, indicating potential recovery. Venture capital deal activity increased by the second half of 2024, mainly driven by two large AI investments in Q2 2024; however, excluding these deals, investment remained muted due to high interest rates and persistent inflation. Flat and down fundraising rounds hit a decade high, and exit activity stayed stagnant, far below the 2021 peak. Fundraising remained challenging across the venture ecosystem.

INVESTMENT PERFORMANCE

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

Over the past five years, the System experienced annualized returns of 8.47%, exceeding the actuarial assumed rate of return and the RVK Public Funds median return of 7.44%. For the one- and three-year periods, the System's overall investment returns were 9.94% and 3.21%, respectively.

According to the RVK Public Fund universe, which analyzes more than 300 funds to compare asset allocation performance and actuarial comparative data, the System's Fund was ranked in the 67th percentile of the RVK universe for the one-year period, the 45th percentile for the three-year period, 16th percentile for the five-year period, and the 14th percentile for the seven-year period ending June 30, 2024.

The System's top performers during this past year were its domestic large cap and international developed equity portfolios, which generated returns of 21.85% and 13.20%, respectively. The passive commodities composite portfolio was the Fund's worst performer at -8.24%.

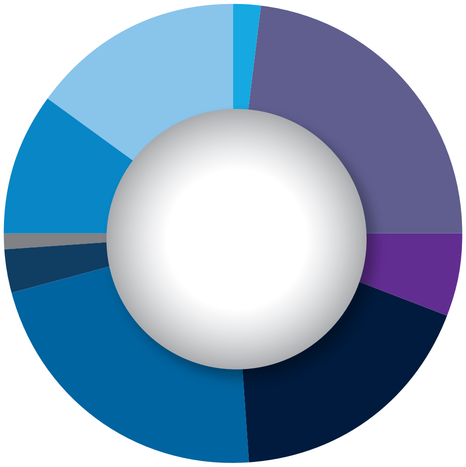
> "For the one- and three-year periods, the System's overall investment returns were 9.94% and 3.21%, respectively."

ASSET ALLOCATION DECISIONS

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

Asset Allocation Targets
as of June 30, 2024

- Commodities, 2%
- Domestic Large Cap Equity, 23%
- Domestic Small Cap Equity, 6%
- International Developed Markets, 18%
- Fixed Income, 22%
- Private Credit, 3%
- Cash, 1%
- Real Estate, 10%
- Private Equity, 15%



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

Net Asset Values
as of June 30, 2024

Asset Class	Market Value (in millions)	Percent
Domestic Equity	$ 9,821	31.33%
International Equity	5,410	17.26%
Fixed Income	6,715	21.42%
Private Equity	5,499	17.54%
Real Estate	3,047	9.72%
Commodities	264	0.84%
Private Credit	28	0.09%
Cash Equivalents	565	1.80%
Total	**$31,349**	**100%**

INVESTMENT ACTIVITIES

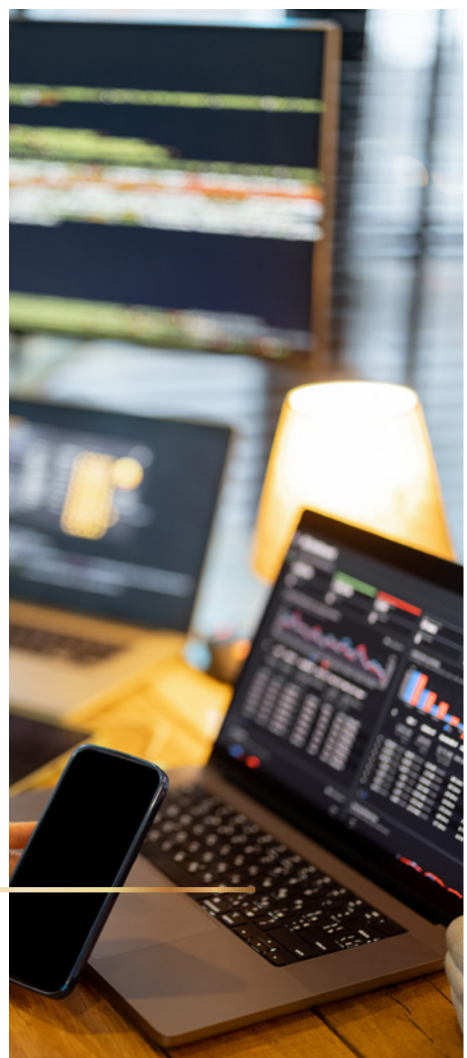
Over the course of this year, the Fund implemented the asset allocation consistent with Board decisions. Several of the Fund's existing manager contracts were renewed. Managers that were rehired include:

- AllianceBernstein, L.P., an active domestic small cap equity manager
- Westwood Management Corp., an active domestic small cap equity manager
- Phocas Financial Corporation, an active domestic small cap value manager
- Medalist Partners, an active MBS fixed income manager
- Cohen & Steers Capital Management, Inc., an active REIT manager
- AEW Capital Management, L.P., a separate account real estate manager
- Eastern Shore Capital Management, an active domestic small cap equity manager
- Baillie Gifford Overseas limited, an active international equity manager
- Principal Global Investors LLC, an active international small cap equity manager
- Victory Capital Management, Inc., an active international small cap equity manager
- Frontier Capital Management Company, LLC, an active domestic small cap growth equity manager
- LM Capital Group, LLC, an active fixed income manager

The Fund also terminated the following contracts:

- Harding Loevner, an active emerging markets equity manager
- Dimensional Fund Advisors, an active emerging markets equity manager

The System's assets are managed by both active and passive investment managers. The active managers are hired to outperform a market index. The passive managers are hired to match the performance of certain investment indices. These indices include the domestic public equity S&P 500 and 600 indices, the Russell 1000 Growth index, the international public equity MSCI EAFE index, the fixed income Bloomberg U.S. Aggregate index, the Bloomberg U.S. Treasury TIPS 1-5 Years index, the commodity public equity S&P Global Natural Resources index, and the real estate public equity FTSE EPRA/NAREIT All Equity REITs and Developed indices. A list of the System's managers is provided at the end of this section.



EMERGING AND DIVERSE MANAGER PROGRAM

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

The System has had an Emerging Manager Program since 1987. LM Capital Group, LLC (an opportunistic fixed income manager first hired in 1997) is an example of a former emerging manager that is now one of our core managers. LM "graduated" long ago from emerging manager status and continues to manage money for the System.

The current program includes two direct fixed income emerging managers, and five direct domestic equity emerging managers. The System also has a Specialized Manager Program as part of the private equity allocation. This program was established in 2007 and is focused on attracting private equity funds that are first, second, or third-time funds and have a fund size of approximately $500 million or less for a first-time commitment and up to $1 billion for future commitments. Additionally, the focus is on funds that include minority, woman, LGBTQ, persons with disabilities, or U.S. military veteran ownership, investments in underserved areas, or investments in California or Los Angeles. Since 2007, several managers have graduated from the Specialized Manager Program to the Core Private Equity portfolio. Portfolio Advisors is tasked with managing this successful program.

PROXY VOTING

The System votes all domestic proxy ballots using a proxy ballot voting firm, while the international equities managers vote the proxy ballots for their portfolios in accordance with the Board's proxy guidelines. Recent changes to the proxy voting policies include voting for companies to report on environmental risks facing the organization.

The Board has a comprehensive proxy voting policy, which can be found in the Board's Investment Policies.

Total Fund Returns as of June 30, 2024	
1 Year	9.94%
3 Years	3.20%
5 Years	8.47%
10 Years	7.66%
15 Years	9.58%
20 Years	7.71%
25 Years	6.85%
30 Years	8.36%

Assumed vs. Actual Rate of Return:
Last Ten Years

Fiscal Year	Assumed Rate	Actual Rate[1]
14-15	7.50%	4.15%
15-16	7.50%	1.18%
16-17	7.50%	13.27%
17-18	7.25%	9.91%
18-19	7.25%	6.21%
19-20	7.25%	3.04%
20-21	7.00%	32.56%
21-22	7.00%	-7.23%
22-23	7.00%	7.78%
23-24	7.00%	9.94%

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

Annual Rates of Return[1]
Last Ten Years

Fiscal Year	Domestic Equity	International Equity	Fixed Income	Real Estate	Private Equity	Commodities	Total Fund[2]	CPI[3]
14-15	7.36%	-2.14%	1.20%	11.41%	12.51%	-13.19%	4.15%	0.12%
15-16	-0.32%	-8.54%	6.40%	13.80%	5.31%	-6.19%	1.18%	1.01%
16-17	19.30%	22.90%	2.09%	5.19%	16.52%	7.99%	13.27%	1.60%
17-18	16.38%	8.11%	1.18%	5.50%	18.65%	13.02%	9.91%	2.87%
18-19	6.88%	0.32%	7.84%	9.83%	14.85%	-1.85%	6.21%	1.60%
19-20	4.79%	-3.84%	10.26%	-2.98%	7.39%	-11.82%	3.04%	0.60%
20-21	46.54%	40.00%	4.60%	18.46%	55.71%	48.17%	32.56%	5.40%
21-22	-12.64%	-22.30%	-9.07%	6.56%	14.49%	5.07%	-7.23%	9.10%
22-23	17.29%	16.58%	2.19%	-6.93%	1.56%	10.44%	7.78%	3.00%
23-24	19.59%	13.62%	4.39%	-1.46%	5.48%	7.26%	9.94%	3.00%

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

[2] Total Fund includes Short-Term Investments.

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

Changes in Asset Mix
Last Ten Years

Fiscal Year	Domestic Equity	International Equity	Fixed Income	Real Estate	Private Equity	Private Credit	Commodities	Short-Term Investments
14-15	33.76%	21.05%	21.70%	10.30%	8.70%	-	2.80%	1.70%
15-16	31.96%	19.29%	22.90%	10.80%	9.30%	-	3.90%	1.80%
16-17	32.70%	20.77%	20.40%	9.70%	9.40%	-	4.20%	2.80%
17-18	32.64%	20.36%	19.53%	8.37%	9.90%	-	4.65%	4.55%
18-19	31.54%	20.03%	20.95%	8.54%	10.52%	-	4.35%	4.08%
19-20	32.63%	18.13%	22.54%	8.02%	11.68%	-	3.99%	3.01%
20-21	34.20%	19.10%	17.64%	7.62%	13.53%	-	3.67%	4.24%
21-22	27.69%	17.67%	19.97%	13.25%	17.36%	-	1.80%	2.27%
22-23	30.35%	19.45%	20.29%	10.53%	17.75%	-	0.92%	0.71%
23-24	31.33%	17.26%	21.42%	9.72%	17.54%	0.09%	0.84%	1.80%

INVESTMENT ADVISORS

DOMESTIC EQUITY MANAGERS
AllianceBernstein
Boston Partners
Channing Capital Management
Denali Advisors
Eastern Shore Capital
Frontier Capital Management
Lisanti Capital
Northern Trust Asset Management
Palisade Capital Management
PHOCAS Financial
PIMCO
RhumbLine Advisers
Westwood Management

INTERNATIONAL EQUITY MANAGERS
Baillie Gifford
BlackRock
Boston Common Asset Management
Brandes Investment Partners
Principal Global Investors
Victory Capital Management

FIXED INCOME MANAGERS
GIA Partners
LM Capital Group
Loomis Sayles & Company
MacKay Shields
Medalist Partners L.P.
Northern Trust Asset Management
Payden & Rygel
Reams Asset Management

SEPARATE ACCOUNT REAL ESTATE MANAGER
AEW Capital Management

REIT MANAGERS
AllianceBernstein
Cohen & Steers
Principal Global Investors

COMMODITIES MANAGERS
Portfolio Advisors
RhumbLine Advisers

PRIVATE EQUITY CONSULTANT
Portfolio Advisors

REAL ESTATE CONSULTANT
The Townsend Group

PRIVATE CREDIT CONSULTANT
StepStone Group

GENERAL CONSULTANT
RVK, Inc.

LAFD Photo

SECTION 5
ACTUARIAL

1899

Celebrating 125 YEARS

ACTUARIAL

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

FUNDING STATUS

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

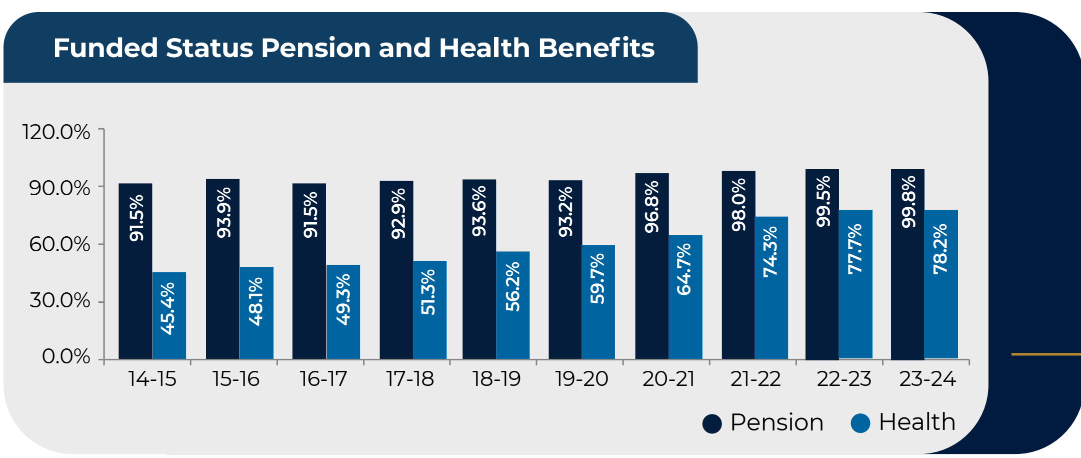
PENSION BENEFITS

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

As of June 30, 2024, the funded status for pension benefits is 99.8%, an increase of 0.3% from the prior year. The increase in the funded ratio was primarily due to scheduled contributions to pay down the unfunded actuarial accrued liability (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. Details on the determination of the actuarial value of assets for the year are available in Section 2 of the June 30, 2024 Actuarial Valuation and Review of Retirement Benefits.

HEALTH INSURANCE PREMIUM SUBSIDY BENEFITS

The System began pre-funding health insurance premium subsidy benefits in 1989. A 10-year history of the System's funded status for health benefits is included in the chart below. As of June 30, 2024, the funding status of health subsidy benefits increased from 77.7% to 78.2%, an increase of 0.5%, primarily due to a higher than expected return on the valuation value of assets (after smoothing). Details on the factors which contributed to the increased funding status are available in Section 2 of the June 30, 2024 Actuarial Valuation and Review of Other Postemployment Benefits.



HOW A VALUATION IS CONDUCTED

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

ACTUARIAL ASSUMPTIONS

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

Every three years, the assumptions are examined to determine if any adjustments are necessary for future valuations. Examples of assumptions used for the valuation period ending June 30, 2024 are provided in the subsequent tables.

Average Life Expectancy for Pensioners (Age = 65)	
Service Retiree	21.6 years*
Disabled Retiree	20.0 years*
Surviving Spouse/ Domestic Partner	22.8 years**

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

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

Rate of Inflation	
Annual increase in the Consumer Price Index	2.50%

Rate of Salary Increases

Inflation at 2.50% per year; plus 0.50% “across the board” increases; plus the following Merit and Promotion increases based on years of service.

Years of Service	Additional Salary Increase
Less than 1	9.00%
1 - 2	7.00%
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 & Over	0.90%

Investment Rate of Return

Inflation	2.50%
Plus Portfolio Expected Real Rate of Return	5.80%
Less Expense Adjustment	(0.10%)
Less Adjustment to Expected Geometric Real Rate of Return	(0.75%)
Less Risk Adjustment	(0.45%)
Net Investment Return*	**7.00%**

**Net of investment expenses only*

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

PENSION BENEFIT BALANCE SHEET

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

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

The Actuarial Balance Sheet comparing the System’s assets and liabilities as of June 30, 2024 is available on page 116.

UNFUNDED ACTUARIAL ACCRUED LIABILITY

An Unfunded Actuarial Accrued Liability (UAAL) of a retirement system occurs when a system’s actuarial liability is greater than the actuarial value of its assets, yielding a funded ratio less than 100%. As of June 30, 2024, the Actuarial Balance Sheet on page 116 shows the UAAL for pension benefits for all tiers to be approximately $68 million. The UAAL for health insurance premium subsidy benefits for all tiers is approximately $887 million.

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

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

EMPLOYER CONTRIBUTION REQUIREMENTS CALCULATION

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

ENTRY AGE NORMAL COST

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

AMORTIZATION OF THE UAAL

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

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

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

LOW-DEFAULT-RISK OBLIGATION MEASURE (LDROM)

Beginning with the June 30, 2023 valuation, the Plan is required to report on the LDROM under Actuarial Standard of Practice No. 4. The LDROM is calculated using a discount rate based entirely on high quality bond yields instead of the expected return on the Plan's diversified investment portfolio. As of June 30, 2024, the LDROM for the Plan is $41.9 billion. The difference between the Plan's Actuarial Accrued Liability for pension benefits of $27.6 billion and the LDROM of $41.9 billion can be thought of as representing the expected savings from investing in the Plan's diversified portfolio compared to investing only in low-default-risk securities.

Employer Normal Cost Pension Contribution Requirements 2025-26*
(as a percentage of Plan member salaries)

Tier 1	N/A
Tier 2	24.21%
Tier 3	18.41%
Tier 4	18.77%
Tier 5	20.78%
Tier 6	17.61%
Harbor Port Police – Tier 5	21.61%
Harbor Port Police – Tier 6	17.30%
Airport Police – Tier 6	18.23%

Contributions to be made on July 15, 2025

Unfunded Liability Pension Contribution Requirements 2025-26*

Tier 1	N/A
Tier 2	4.20% of total payroll of Tiers 2 – 6**
Tier 3	4.20% of total payroll of Tiers 2 – 6**
Tier 4	4.20% of total payroll of Tiers 2 – 6**
Tier 5	4.20% of Tier 5 payroll**
Tier 6	4.20% of Tier 6 payroll**
Harbor Port Police – Tier 5	1.93% of Tier 5 payroll***
Harbor Port Police – Tier 6	1.93% of Tier 6 payroll***
Airport Police – Tier 6	-1.97% of payroll****

Contributions to be made on July 15, 2025.

*** Excluding the Harbor & Airport Departments.*

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

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

Mark Lassman Photo

HEALTH INSURANCE PREMIUM SUBSIDY VALUATION

The health insurance premium subsidy valuation utilizes the same actuarial assumptions as the pension benefits valuation, with the addition of expected medical inflation and other health benefit-specific assumptions. Medical costs continue to increase at a faster pace than general inflation. Assumptions in the June 30, 2024 actuarial valuation included medical trend rate increases of 7.00% for non-Medicare premiums and 10.00% for Medicare premiums in Fiscal Year 2024-25.

Using the same actuarial methods for pension benefits, the Actuarial Balance Sheet for health insurance premium subsidy benefits is shown on page 116. The contributions to fund the health insurance premium subsidy benefits are below.

Health Insurance Premium Subsidy Contribution Requirements 2025-26*
(as a percentage of Plan member salaries)

Tier 1	N/A
Tier 2	8.38%
Tier 3	10.02%
Tier 4	10.01%
Tier 5	9.74%
Tier 6	12.22%
Harbor Port Police – Tier 5	4.99%
Harbor Port Police – Tier 6	5.74%
Airport Police – Tier 6	6.80%

** Contributions to be made on July 15, 2025. Rates do not include amounts allocated for administrative expenses.*

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

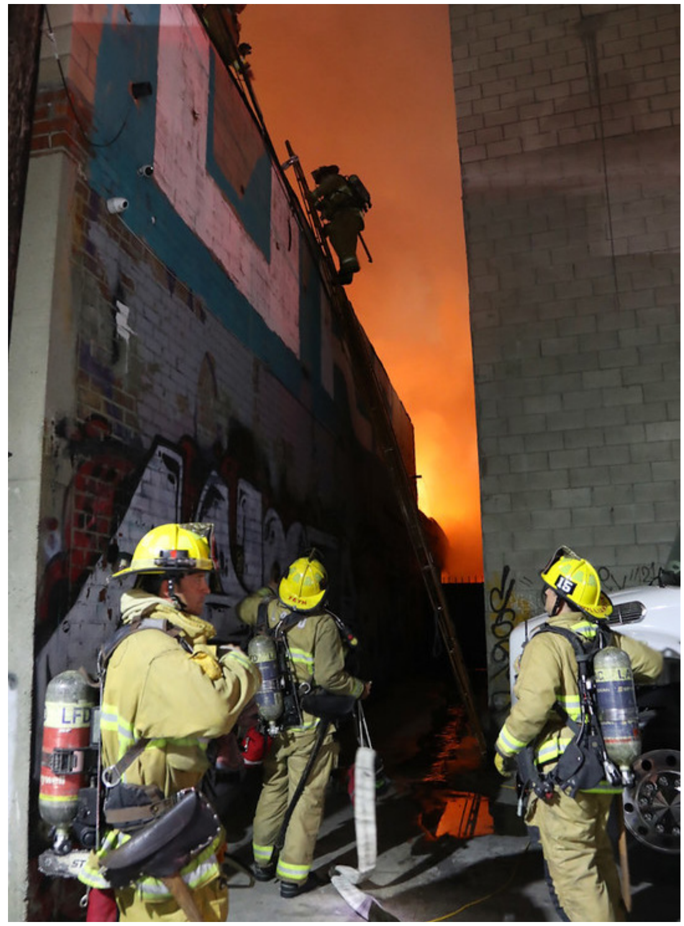
Fiscal Year	Non-Medicare	Medicare
2024-2025	7.00%	10.00%
2025-2026	6.75%	6.50%
2026-2027	6.50%	6.25%
2027-2028	6.25%	6.00%
2028-2029	6.00%	5.75%
2029-2030	5.75%	5.50%
2030-2031	5.50%	5.25%
2031-2032	5.25%	5.00%
2032-2033	5.00%	4.75%
2033–2034	4.75%	4.50%
2034 and later	4.50%	4.50%

ADMINISTRATIVE EXPENSES

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

Contribution Amount Allocated for Administrative Expenses*	
Pension	1.28%
Health	0.13%

* *Percent of total payroll. Contributions to be made on July 15, 2025.*



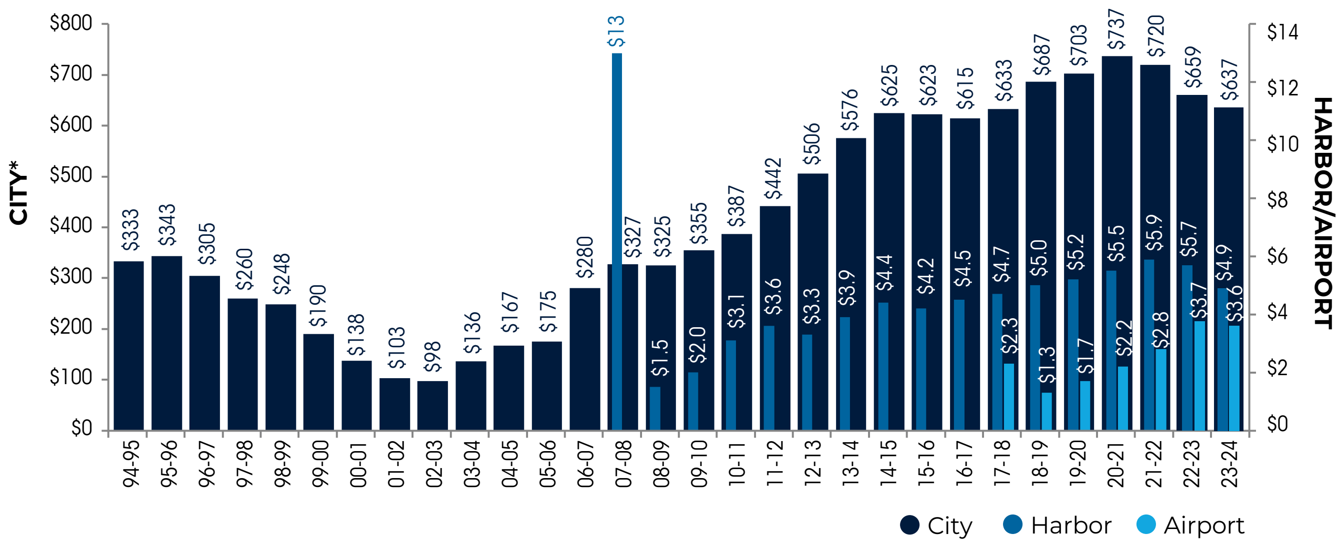
Michael Meadows Photo

EMPLOYER CONTRIBUTION HISTORY

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

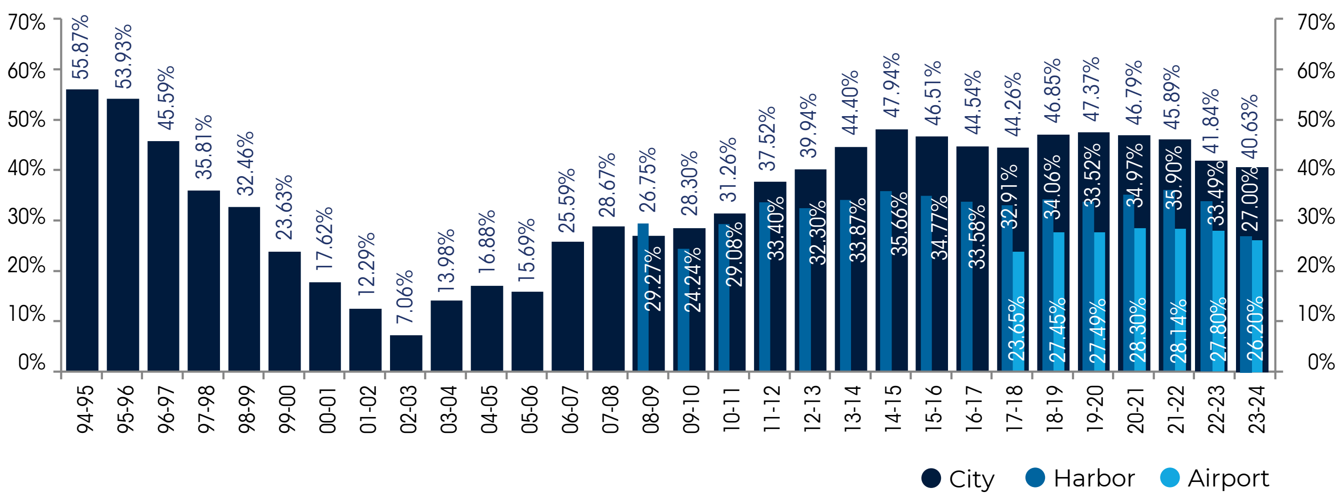
After the inclusion of Harbor Port Police in January 2006, the Harbor Department began making contributions to the System in Fiscal Year 2007-08. Since its first-year contribution, subsequent contributions have been stable. Airport Police became members of the Plan beginning in January 2018, and the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

Employer Contribution Amounts
(in millions)



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

Employer Contribution Rates



ACTUARIAL BALANCE SHEET

June 30, 2024

Present Resources and Expected Future Resources

Assets	Pension	Health	Total
1. Valuation value of assets	$27,527,602,006	$3,180,163,716	$30,707,765,722
2. Present value of future normal costs:			
Member	$1,735,604,842		$1,735,604,842
Employer	$3,658,109,383	$1,011,098,516	$4,669,207,899
Total	$5,393,714,225	$1,011,098,516	$6,404,812,741
3. Unfunded actuarial accrued liability	$68,029,073	$886,552,197	$954,581,270
4. Present value of current and future assets	$32,989,345,304	$5,077,814,429	$38,067,159,733

Present Value of Expected Future Benefit Payments and Reserve

Liabilities	Pension	Health	Total
5. Present value of future benefits:			
Retired members and beneficiaries	$16,945,488,739	$2,306,705,772	$19,252,194,511
Inactive members with vested rights	$39,405,191	$180,023,585	$219,428,776
Active members	$16,004,451,374	$2,591,085,072	$18,595,536,446
6. Total present value of expected future benefit payments	$32,989,345,304	$5,077,814,429	$38,067,159,733

SECTION 6
STATISTICAL

1899

Celebrating 125 YEARS

MEMBERSHIP STATISTICS

FIRE AND POLICE PENSION PLANS

As of June 30, 2024, Los Angeles Fire and Police Pensions ("System") is composed of six tiers. Benefits are based on the member's pension tier, pension salary base, and years of service. In addition, the System provides disability pension benefits and benefits to eligible survivors.

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

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

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

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

Additionally, all eligible sworn members of the Harbor Department hired on or after January 8, 2006 become members of the System. Members hired from January 8, 2006 through June 30, 2011 are in Tier 5. Those hired prior to January 8, 2006, were provided the option to transfer to Tier 5

from the Los Angeles City Employees' Retirement System (LACERS) from January 8, 2006 to January 5, 2007.

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

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

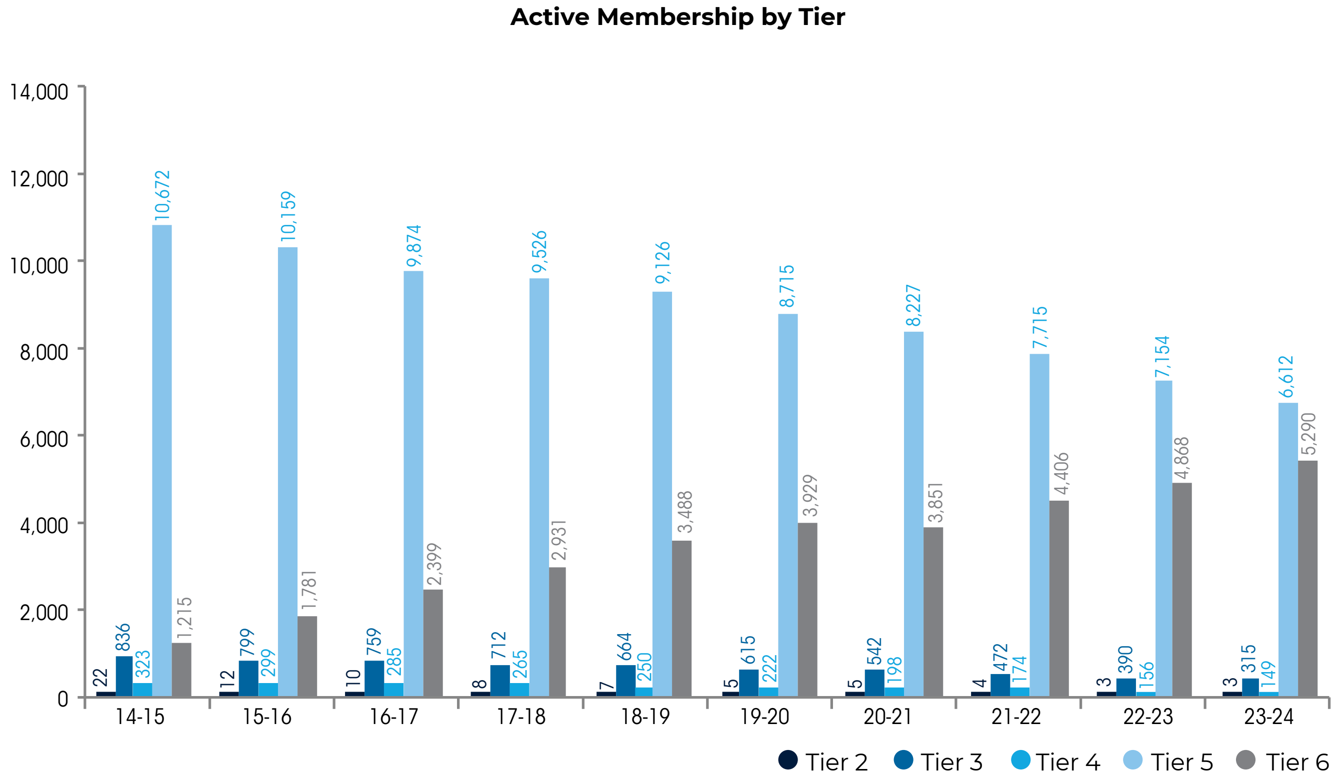
All eligible sworn members of the Airport Department hired on or after January 7, 2018, become members of Tier 6. Airport Peace Officers hired prior to January 7, 2018, were provided the option to transfer to Tier 6 from LACERS effective January 7, 2018.

DEFERRED RETIREMENT OPTION PLAN

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

Participation in DROP is normally limited to a maximum of five years. All eligible members of the System, except the Fire and Police Chiefs, may elect to participate in DROP. DROP must be cost neutral with regard to plan funding and the City is required to conduct an actuarial study at least every five years to determine whether the program is maintaining cost neutrality and/or meeting the City's goal of retaining sworn personnel.

ACTIVE MEMBERSHIP[1]



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

Active Membership
as of June 30, 2024

Tier	Fire	Police	Harbor	Airport	Total
Tier 2	2	1	---	---	3
Tier 3	7	308	---	---	315
Tier 4	36	113	---	---	149
Tier 5	1,796	4,729	87	---	6,612
Tier 6	1,552	3,596	40	102	5,290
Total	**3,393***	**8,747****	**127*****	**102**	**12,369**

** Includes 198 DROP participants.*

*** Includes 1,101 DROP participants.*

**** Includes 1 DROP participant.*

Refunds of Member Contributions

	19-20	20-21	21-22	22-23	23-24
Fire:					
Tier 2	0	0	0	0	0
Tier 3	0	0	0	0	0
Tier 4	0	0	0	0	0
Tier 5	2	1	3	4	5
Tier 6	0	4	8	16	23
Police:					
Tier 2	0	0	0	0	0
Tier 3	0	3	1	0	0
Tier 4	0	1	0	0	0
Tier 5	47	27	25	32	17
Tier 6	44	51	79	91	92
Harbor:					
Tier 5	1	0	0	0	0
Tier 6	1	0	0	1	2
Airport:					
Tier 6	5	2	2	1	7
Total	**100**	**89**	**118**	**145**	**146**

Active Fire Membership Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	111	0	0	0	0	0	0	0	0	111
25-29	330	62	0	0	0	0	0	0	0	392
30-34	239	323	19	0	0	0	0	0	0	581
35-39	87	227	28	135	0	0	0	0	0	477
40-44	12	82	14	363	63	0	0	0	0	534
45-49	9	17	6	169	317	2	0	0	0	520
50-54	0	1	1	52	269	65	32	0	0	420
55-59	0	1	0	17	98	57	64	14	0	251
60-64	0	0	0	0	18	26	34	13	3	94
65-69	0	0	0	1	2	3	0	3	2	11
70 & over	0	0	0	0	0	0	0	0	2	2
Total	**788**	**713**	**68**	**737**	**767**	**153**	**130**	**30**	**7**	**3,393**

Active Police Membership
Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	256	0	0	0	0	0	0	0	0	256
25-29	769	236	0	0	0	0	0	0	0	1,005
30-34	400	768	111	0	0	0	0	0	0	1,279
35-39	149	302	447	288	0	0	0	0	0	1,186
40-44	59	100	250	799	137	0	0	0	0	1,345
45-49	14	25	66	501	541	215	0	0	0	1,362
50-54	8	12	31	181	282	937	76	0	0	1,527
55-59	1	1	12	73	69	367	99	15	0	637
60-64	1	0	0	12	14	71	25	6	0	129
65-69	0	0	0	1	2	11	3	1	2	20
70 & over	0	0	0	0	0	1	0	0	0	1
Total	**1,657**	**1,444**	**917**	**1,855**	**1,045**	**1,602**	**203**	**22**	**2**	**8,747**

Active Harbor Membership
Age and Years of Service

	Years of Service									
Age	**0-4**	**5-9**	**10-14**	**15-19**	**20-24**	**25-29**	**30-34**	**35-39**	**40 & Over**	**Total**
<25	6	0	0	0	0	0	0	0	0	6
25-29	7	1	0	0	0	0	0	0	0	8
30-34	2	10	0	0	0	0	0	0	0	12
35-39	3	3	2	8	0	0	0	0	0	16
40-44	1	2	1	31	2	0	0	0	0	37
45-49	0	0	2	21	1	0	0	0	0	24
50-54	0	0	0	12	3	0	0	0	0	15
55-59	0	1	0	2	0	1	1	0	0	5
60-64	0	1	0	1	2	0	0	0	0	4
65-69	0	0	0	0	0	0	0	0	0	0
70 & over	0	0	0	0	0	0	0	0	0	0
Total	**19**	**18**	**5**	**75**	**8**	**1**	**1**	**0**	**0**	**127**

Active Airport Membership
Age and Years of Service

Age	Years of Service* 0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	Total
<25	6	0	0	0	0	0	0	0	0	6
25-29	13	0	0	0	0	0	0	0	0	13
30-34	13	19	1	0	0	0	0	0	0	33
35-39	11	18	1	0	0	0	0	0	0	30
40-44	4	6	1	0	0	0	0	0	0	11
45-49	1	1	1	0	0	0	0	0	0	3
50-54	1	0	0	0	2	0	1	0	0	4
55-59	0	1	0	0	0	1	0	0	0	2
60-64	0	0	0	0	0	0	0	0	0	0
65-69	0	0	0	0	0	0	0	0	0	0
70 & over	0	0	0	0	0	0	0	0	0	0
Total	**49**	**45**	**4**	**0**	**2**	**1**	**1**	**0**	**0**	**102**

** Includes all prior service transferred from LACERS.*

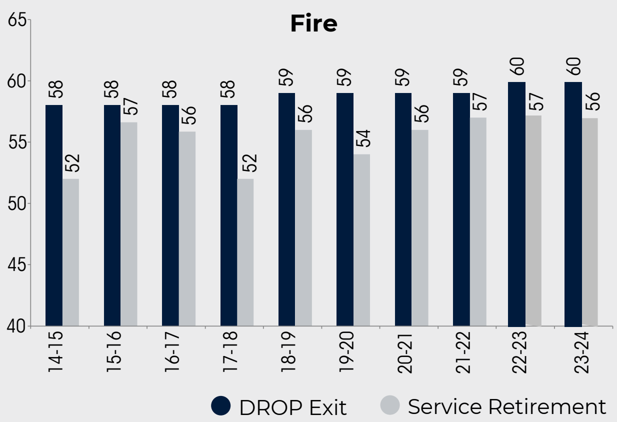
DROP MEMBERSHIP

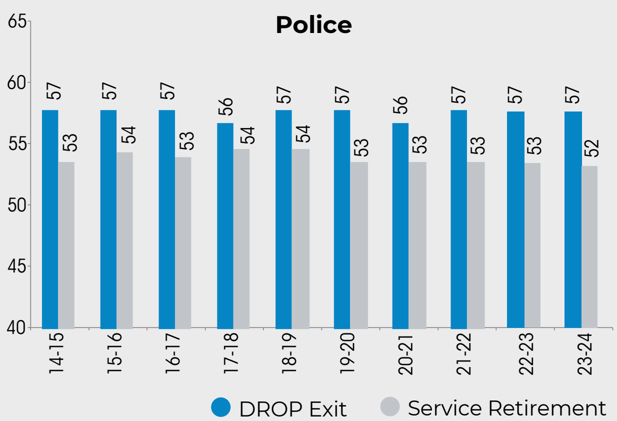
DROP Program Summary of Participation

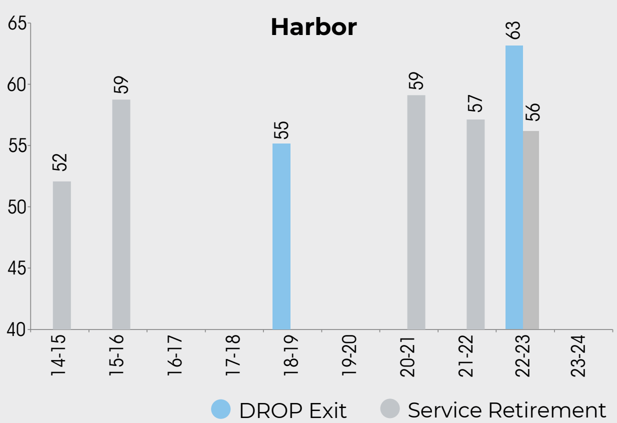
Fiscal Year	Average Participation per Month			Total Entries			Average Age at Entry			Average Years of Service at Entry			Total Exits		
	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD	FD	PD	HD
14-15	524	775	1	99	275	0	54	53	0	29	26	0	121	173	0
15-16	492	890	1	86	235	0	54	52	0	28	27	0	194	193	0
16-17	402	886	1	70	204	0	54	53	0	29	28	0	76	187	0
17-18	450	979	1	137	278	1	55	52	58	26	28	25	76	205	0
18-19	545	1,071	1	208	333	0	55	53	0	30	28	0	97	222	1
19-20	522	1,131	1	15	166	0	55	53	0	28	26	0	58	225	0
20-21	463	1,070	1	24	361	1	56	53	55	29	26	27	84	301	0
21-22	426	1,093	2	51	312	0	55	53	0	30	26	0	85	311	0
22-23	375	1,118	1	76	389	0	56	52	-	30	26	-	132	299	1
23-24	261	1,152	1	37	232	0	57	53	-	28	27	-	181	293	0

RETIRED MEMBERSHIP

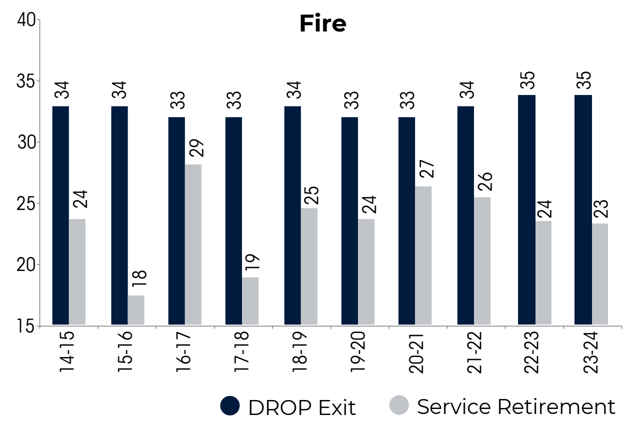
DROP vs. SERVICE RETIREMENT
AVERAGE AGE

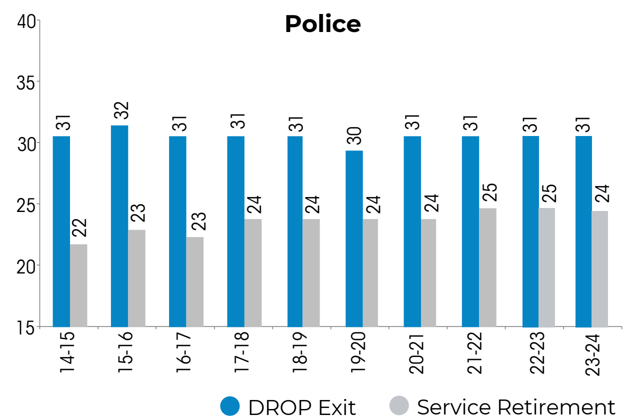


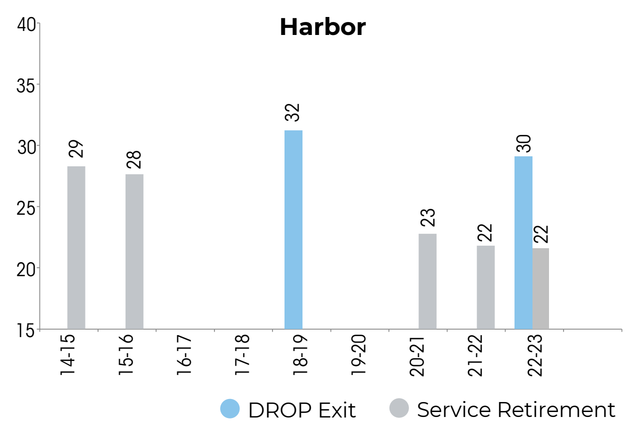


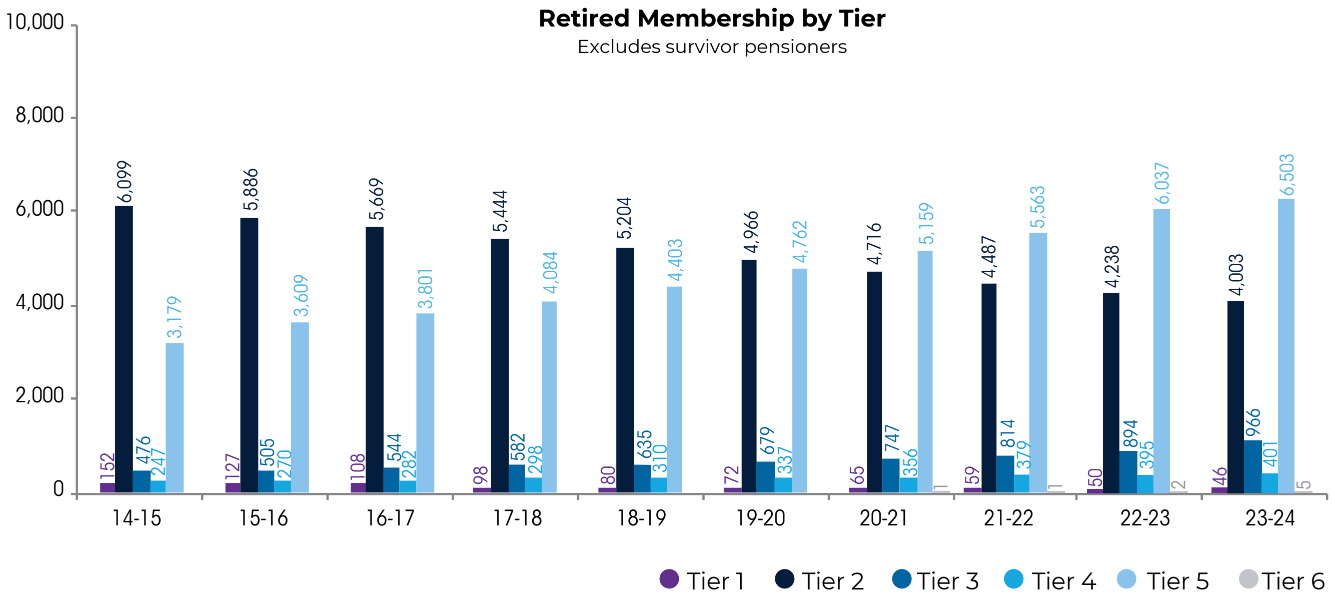


DROP vs. SERVICE RETIREMENT
AVERAGE YEARS OF SERVICE









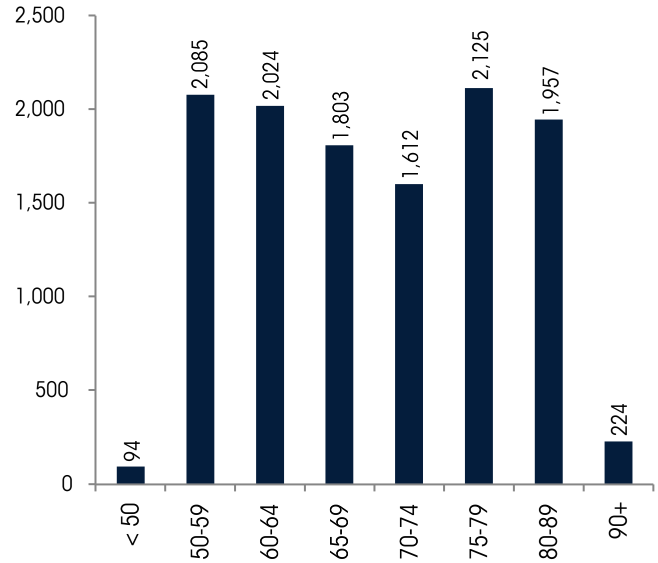
Retired Membership as of June 30, 2024

Excludes survivor pensioners

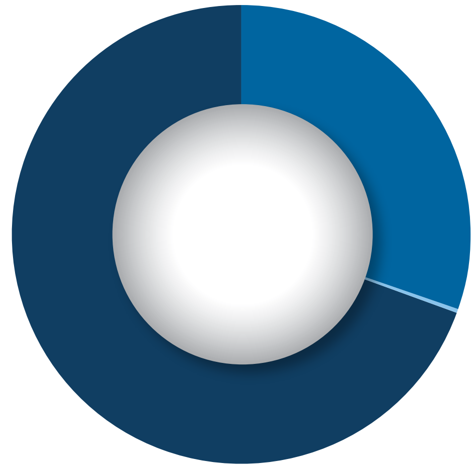
Tier	Fire	Police	Harbor	Airport	Total
Tier 1	3	43	0	0	46
Tier 2	730	3,272	1	0	4,003
Tier 3	86	880	0	0	966
Tier 4	33	368	0	0	401
Tier 5	2,073	4,404	26	0	6,503
Tier 6	0	5	0	0	5
Total	**2,925**	**8,972**	**27**	**0**	**11,924**

Retired Membership by Age

Excludes survivor pensioners

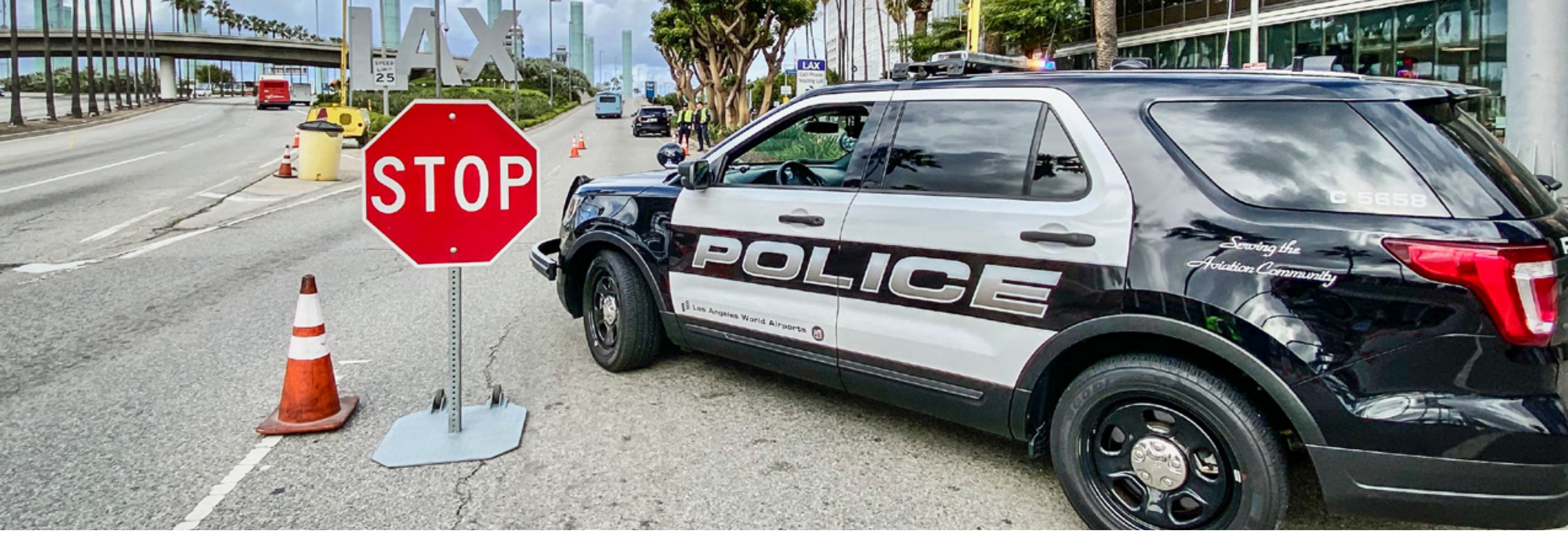


Residency of Pensioners

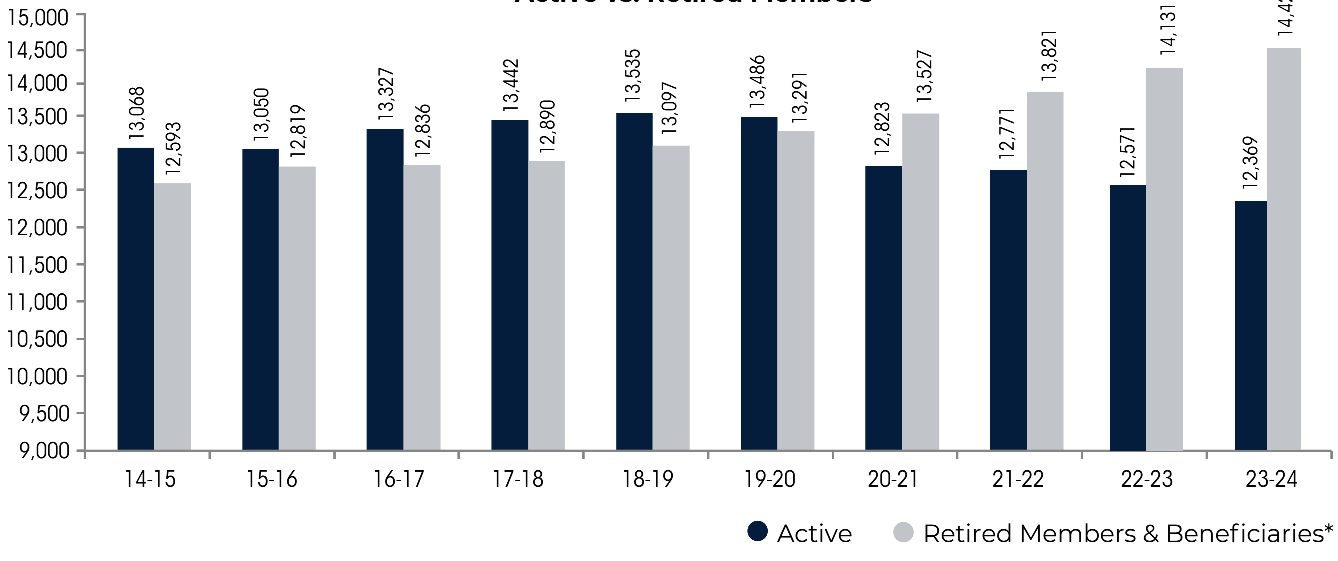


Retired Membership

Service Pensioners	
Number in pay status:	10,379
Average age at retirement:	52.5
Average age:	69.7
Average monthly benefit:	$8,186
Disability Pensioners	
Number in pay status:	1,545
Average age at retirement:	43.2
Average age:	73.3
Average monthly benefit:	$6,115
Survivor Pensioners	
Number in pay status:	2,499
Average age:	76.1
Average monthly benefit:	$5,661

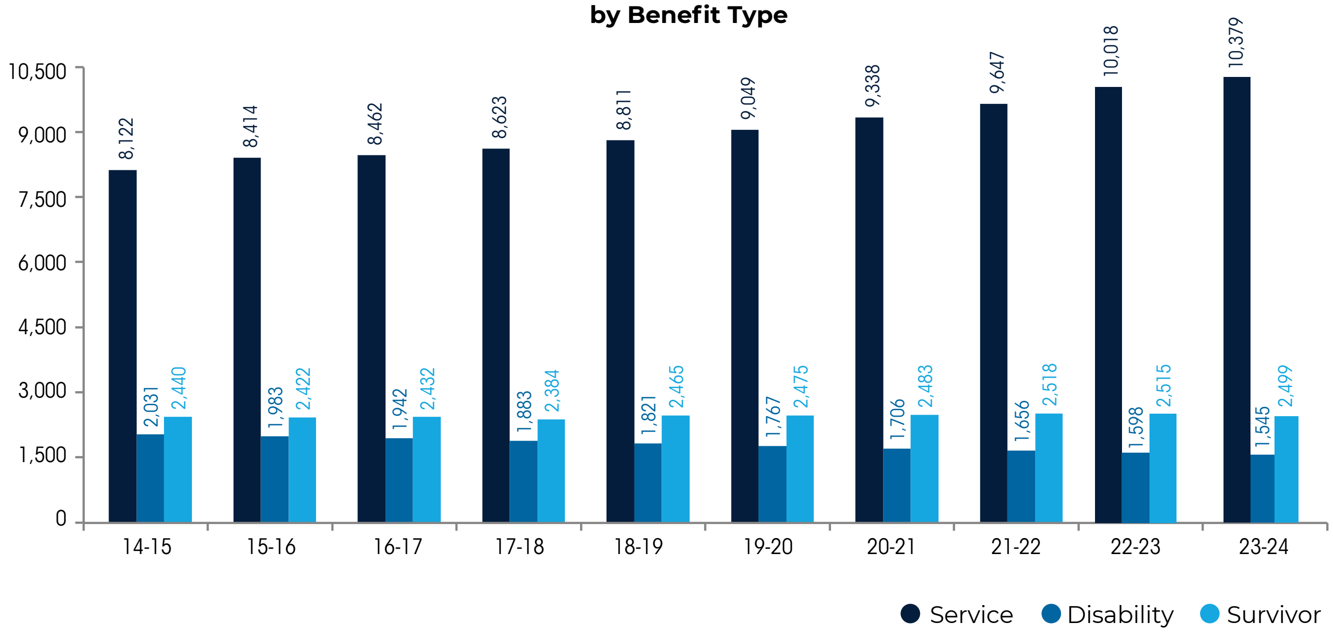


Active vs. Retired Members

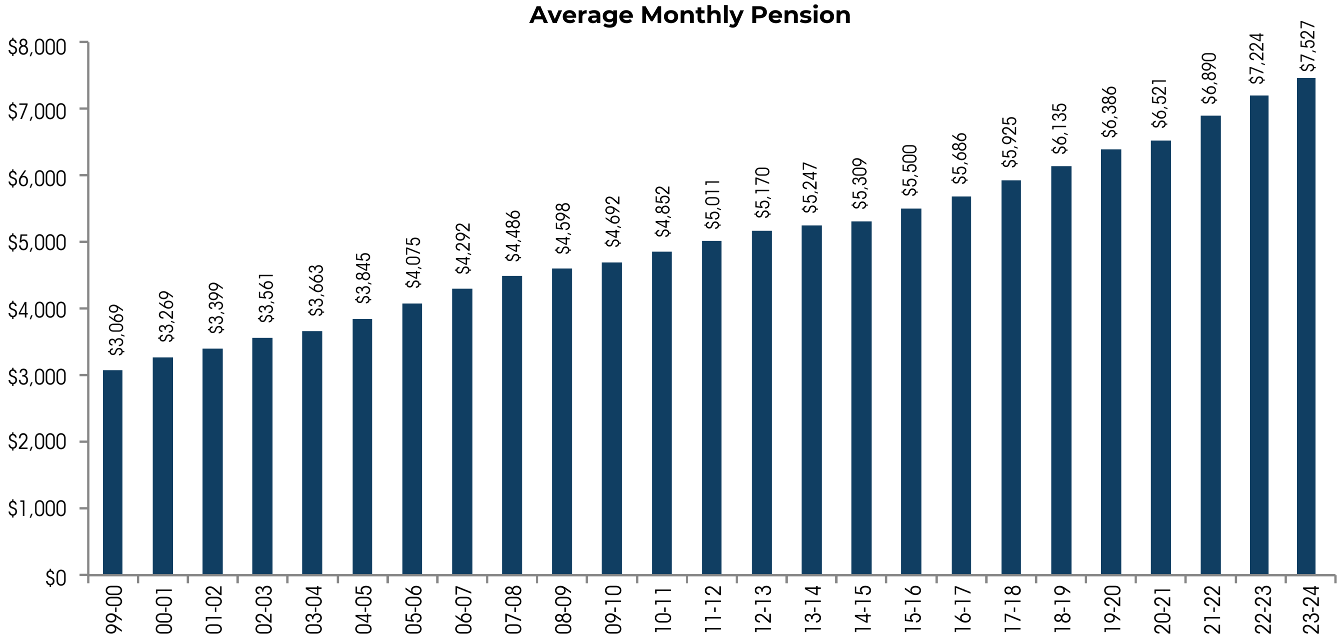


** Retired membership excludes Inactive Vested Members*

Pensioners by Benefit Type

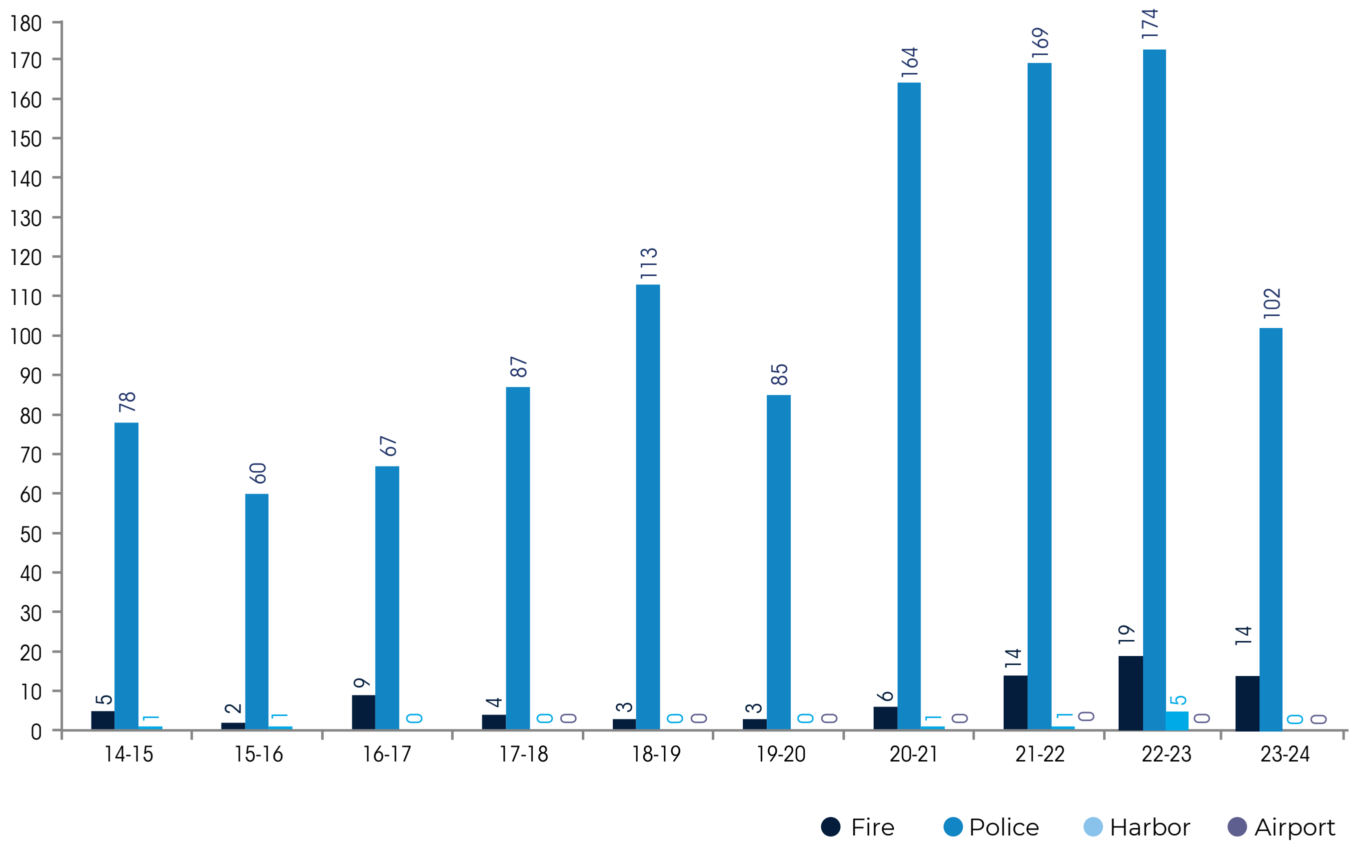


Average Monthly Pension



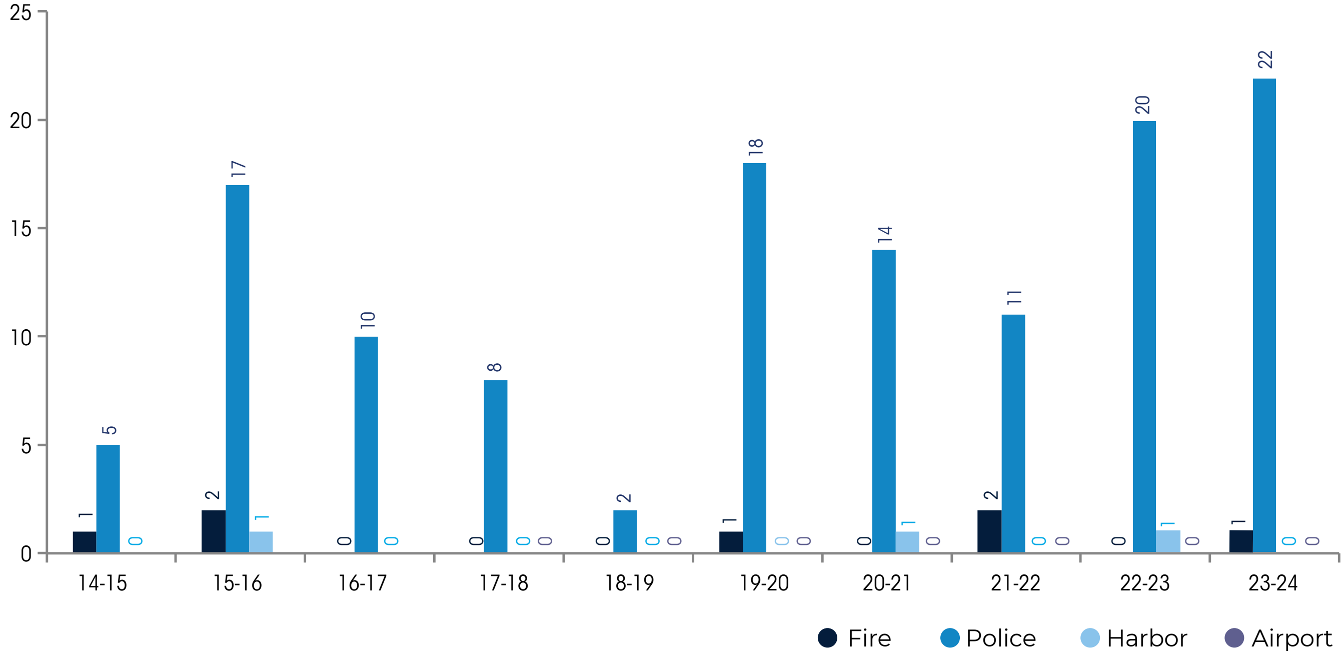
Service Pensions Granted

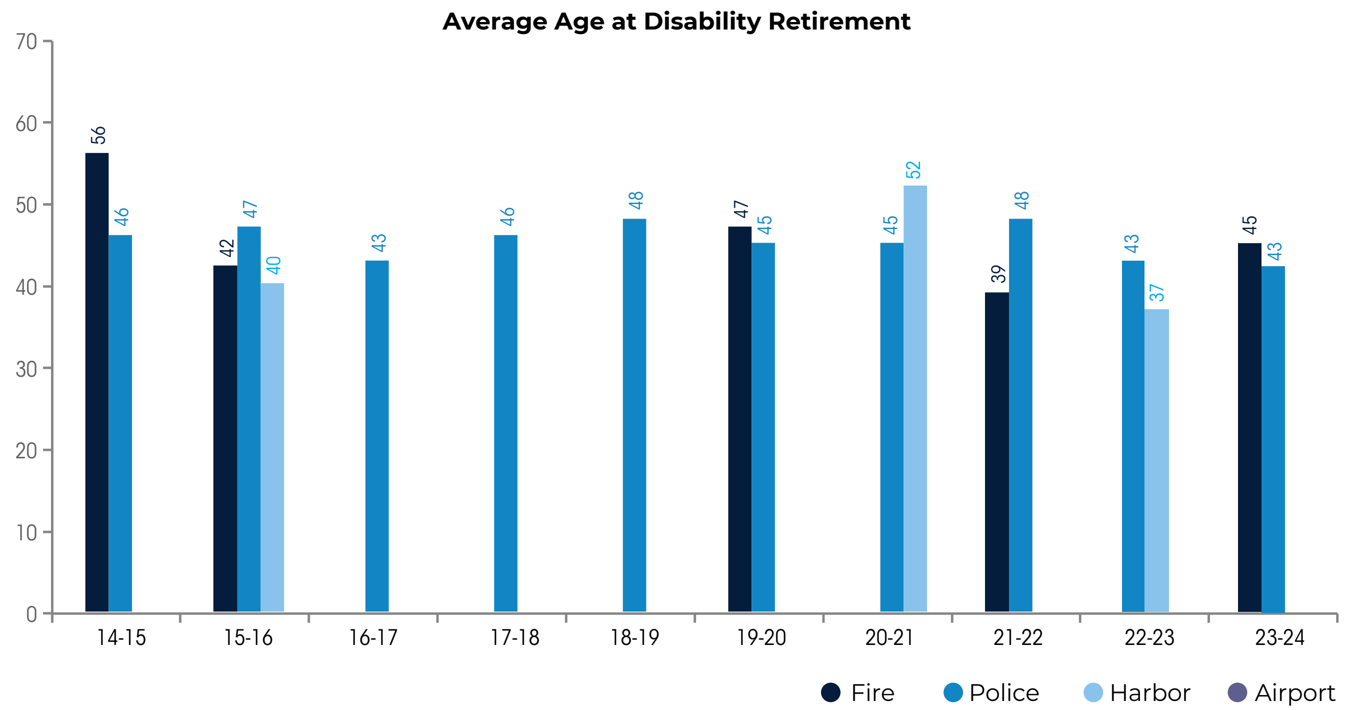
Excludes members who exited DROP

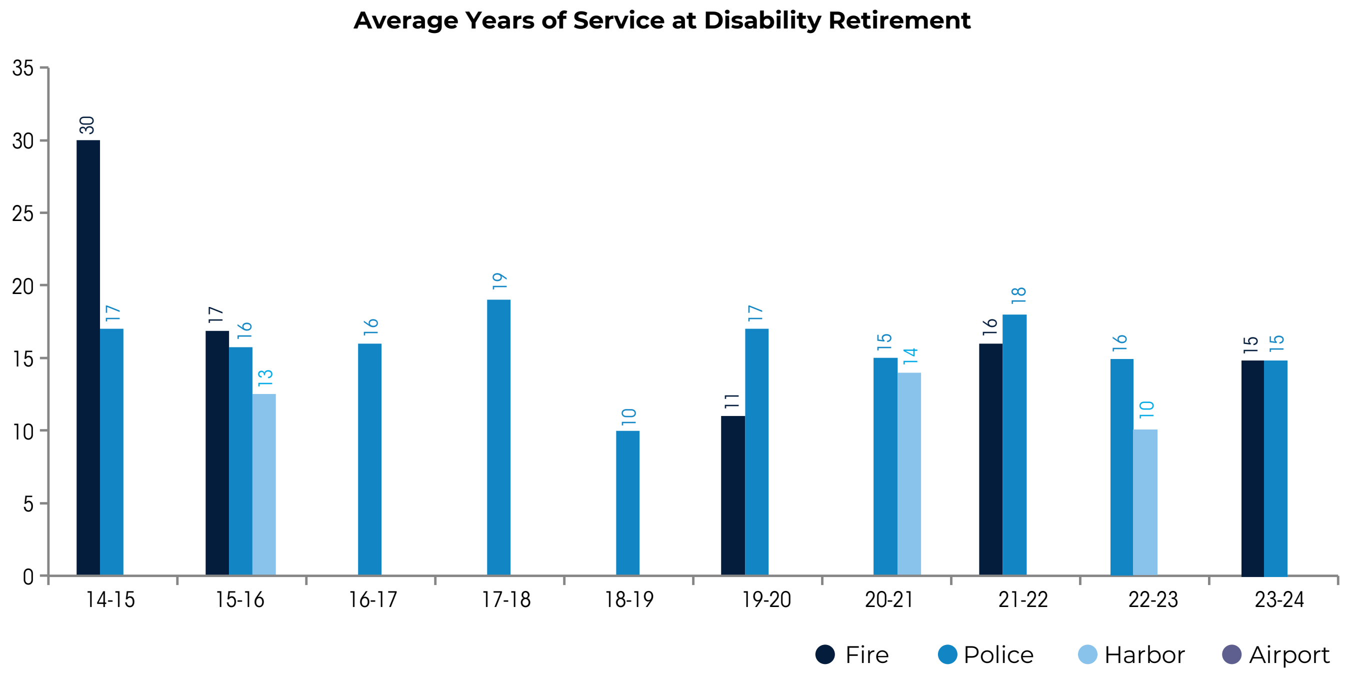


Disability Pensions Granted

Data is based on the Board approval date




Average Age at Disability Retirement
70
60
50
40
30
20
10
0
56
46
42
47
40
43
46
48
47
45
45
52
39
48
43
37
45
43
14-15
15-16
16-17
17-18
18-19
19-20
20-21
21-22
22-23
23-24
Fire
Police
Harbor
Airport


Average Years of Service at Disability Retirement
35
30
25
20
15
10
5
0
30
17
17
16
13
16
19
10
11
17
15
14
16
18
16
10
15
15
14-15
15-16
16-17
17-18
18-19
19-20
20-21
21-22
22-23
23-24
Fire
Police
Harbor
Airport

SERVICE-CONNECTED DISABILITY PENSIONS BY TYPE AND DEPARTMENT*

Disability Pensions Granted	Fiscal Year 19-20					Fiscal Year 20-21					Fiscal Year 21-22					Fiscal Year 22-23					Fiscal Year 23-24				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Physical Only	1	16	0	0	17	0	12	1	0	13	2	9	0	0	11	0	17	1	0	18	1	14	0	0	15
Physical/ Psychiatric	0	2	0	0	2	0	1	0	0	1	0	2	0	0	2	0	3	0	0	3	0	5	0	0	5
Psychiatric Only	0	0	0	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0	0	0	0	3	0	0	3
Total	**1**	**18**	**0**	**0**	**19**	**0**	**14**	**1**	**0**	**15**	**2**	**11**	**0**	**0**	**13**	**0**	**20**	**1**	**0**	**21**	**1**	**22**	**0**	**0**	**23**

Types of Claims**	Fiscal Year 19-20					Fiscal Year 20-21					Fiscal Year 21-22					Fiscal Year 22-23					Fiscal Year 23-24				
	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total	FD	PD	HD	AD	Total
Back	1	9	0	0	10	0	9	1	0	10	1	6	0	0	7	0	15	1	0	16	0	14	0	0	14
Neck	0	11	0	0	11	0	7	1	0	8	0	2	0	0	2	0	10	1	0	11	0	7	0	0	7
Knees	0	7	0	0	7	0	4	1	0	5	0	3	0	0	3	0	5	0	0	5	1	6	0	0	7
Other Orthopedic	11	0	0	0	11	0	15	1	0	16	1	6	0	0	7	0	21	0	0	21	0	24	0	0	24
Cardiovascular	0	3	0	0	3	0	0	0	0	0	0	1	0	0	1	0	1	0	0	1	0	0	0	0	0
Ulcer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hypertension	0	2	0	0	2	0	0	0	0	0	0	2	0	0	2	0	1	0	0	1	0	0	0	0	0
Pulmonary	1	0	0	0	1	0	0	0	0	0	0	2	0	0	2	0	2	0	0	2	0	0	0	0	0
Cancer	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gun Shot Wound	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	5	0	0	5	0	4	0	0	4	1	7	0	0	8	0	6	0	0	6	0	14	0	0	14

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

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

DISABILITY PENSIONS BY DEPARTMENT AND RANK*

FIRE	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24
Firefighter	1	0	2	0	1
Apparatus Operator	0	0	0	0	0
Engineer	0	0	0	0	0
Inspector	0	0	0	0	0
Captain	0	0	0	0	0
Battalion Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Total	**1**	**0**	**2**	**0**	**1**

POLICE	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24
Police Officer	13	14	9	16	18
Sergeant	3	0	2	0	1
Detective	2	0	0	4	3
Lieutenant	0	0	0	0	0
Captain	0	0	0	0	0
Commander	0	0	0	0	0
Deputy Chief	0	0	0	0	0
Assistant Chief	0	0	0	0	0
Total	**18**	**14**	**11**	**20**	**22**

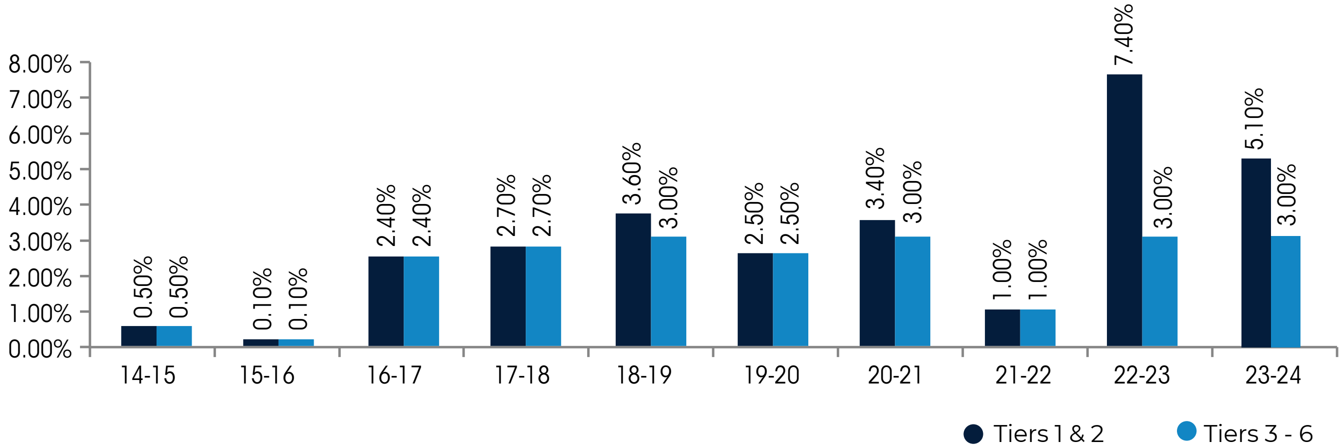
HARBOR	Fiscal Year 19-20	Fiscal Year 20-21	Fiscal Year 21-22	Fiscal Year 22-23	Fiscal Year 23-24
Police Officer	0	1	0	1	0
Total	**0**	**1**	**0**	**1**	**0**

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

Adam VanGerpen Photo

COST OF LIVING ADJUSTMENTS – EFFECTIVE JULY 1

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

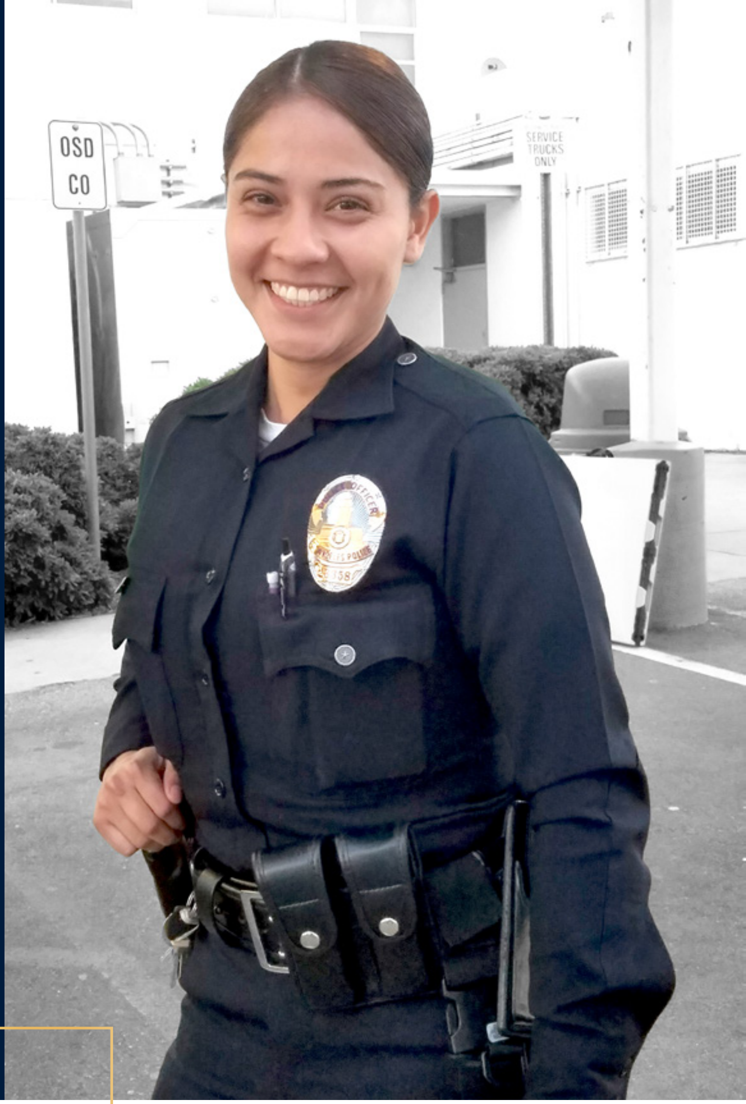


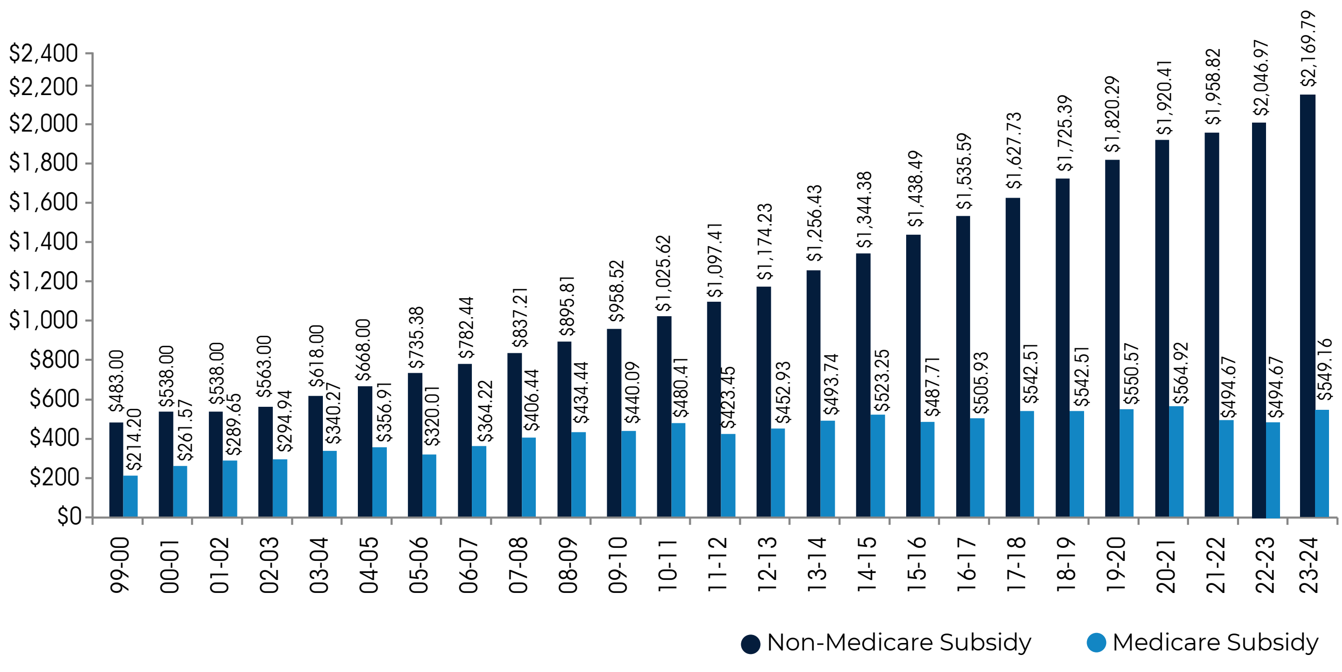
NOTE: For years in which the COLA as shown in the chart is below 3%, members in Tiers 5 and 6 may receive up to 3% depending on their available COLA bank balance.

MAXIMUM HEALTH INSURANCE PREMIUM SUBSIDY FOR RETIRED MEMBERS

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

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





MEMBER OUTREACH

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

Staff also provides benefits education by phone, in-person, video conference, and by attending various outreach events with members and their beneficiaries. Staff interacted with 2,967 members in 113 virtual and in-person sessions. Our participation at various events provides an opportunity to speak directly with members to help them understand their retirement benefits. As part of our strategic goals, we are committed to enhancing our customer service, communications efforts, and outreach to members. A summary of the events conducted over the last two fiscal years is provided below.

	Fiscal Year 22-23		Fiscal Year 23-24	
Outreach Events	**Number of Events**	**Members Reached**	**Number of Events**	**Members Reached**
New Recruit Talks Staff develops and conducts presentations specifically for new hires of the Fire, Police, Harbor, and Airport Departments.	14	462	16	560
Benefits Presentations Staff conducts benefit presentations virtually and on location at fire stations, rollcalls, and training days for members in various tiers and/or stages of their careers, and in-house focus groups.	43	831	69	1,108
Financial Planning Education Seminars/Webinars Together with the Financial Planning Education Consultant, staff holds seminars and webinars to assist members at specific stages of retirement planning.	7	203	10	396
Other Outreach Events Staff participates at various outreach events sponsored by the sworn departments and associations for active and retired members.	32	1,952	18	903
Total	**96**	**3,448**	**113**	**2,967**

FINANCIAL

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

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

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

Operating Information is intended to provide contextual information about the System's operations and membership, and to assist readers in using financial statement information to understand and evaluate the System's fiscal condition. "Retired Members by Type of Pension Benefit" and the "Retired Members by Type of Health Subsidy Benefit" present the dollar levels for each benefit as of June 30, 2024.

FINANCIAL TRENDS INFORMATION

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

	Employer Contributions					
Fiscal Year	Dollars	% of Annual Covered Payroll	Member Contributions	Net Investment Income (Loss)*	Other Income (Loss)	Total Income (Loss)
14-15	480,332	36%	126,771	669,668	4,849	1,281,620
15-16	478,385	35%	129,734	156,205	3,108	767,432
16-17	454,309	33%	128,900	2,256,694	3,436	2,843,339
17-18	459,632**	32%	145,112	1,886,956	7,184	2,498,884
18-19	504,877	34%	147,753	1,217,329	362	1,870,322
19-20	516,638	34%	153,787	605,869	375	1,276,669
20-21	543,819	34%	157,786	6,971,432	673	7,673,710
21-22	535,450	33%	149,243	(2,021,951)	369	(1,336,889)
22-23	481,824	30%	151,935	1,920,050***	414	2,554,223
23-24	480,810	30%	157,191	2,561,355	627	3,199,983

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

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

**** For 2023, Net Investment Income includes prior year adjustment.*

Schedule of Deductions by Type – Pension Plan

(in thousands)

Fiscal Year	Benefit Payments	Refunds of Contributions	Administrative Expenses	Total
14-15	915,163	3,746	17,814	936,723
15-16	987,296	3,067	19,347	1,009,710
16-17	925,903	4,175	19,134	949,212
17-18	991,014	3,786	19,908	1,014,708
18-19	1,065,978	4,478	20,244	1,090,701
19-20	1,116,722	4,530	20,685	1,141,937
20-21	1,182,407	4,556	21,372	1,208,335
21-22	1,237,262	7,474	22,146	1,266,882
22-23	1,342,885	9,580	22,994	1,375,459
23-24	1,456,409	8,760	24,068	1,489,237

Schedule of Additions by Source – Health Subsidy Plan

(in thousands)

	Employer Contributions				
Fiscal Year	Dollars	% of Annual Covered Payroll	Net Investment Income (Loss)*	Other Income (Loss)	Total Income (Loss)
14-15	148,477	11%	51,291	371	200,139
15-16	150,315	11%	12,522	249	163,086
16-17	165,170	12%	189,381	39	354,590
17-18	178,462**	12%	165,453	517	344,432
18-19	188,020	13%	111,602	33	299,655
19-20	193,214	13%	58,065	36	251,315
20-21	200,424	13%	698,367	67	898,858
21-22	193,140	12%	(209,603)	38	(16,425)
22-23	186,418	12%	214,718	46	401,182
23-24	164,560	10%	287,438	70	452,068

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

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

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

Fiscal Year	Benefit Payments	Administrative Expenses	Total
14-15	110,411	1,364	111,775
15-16	116,678	1,551	118,229
16-17	122,562	1,606	124,168
17-18	130,722	1,746	132,468
18-19	137,874	1,856	139,730
19-20	143,600	1,983	145,583
20-21	151,855	2,141	153,996
21-22	147,467	2,296	149,763
22-23	153,918	2,572	156,490
23-24	164,341	2,701	167,042

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

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
ADDITIONS:										
Employer Contributions	$ 480,332	$ 478,385	$ 454,309	$ 459,632	$ 504,877	$ 516,638	$ 543,819	$ 535,450	$ 481,824	$ 480,810
Member Contributions	126,771	129,734	128,900	145,112	147,753	153,787	157,786	149,243	151,935	157,191
Net Investment Income (Loss)	669,668	156,205	2,256,694	1,886,956	1,217,329	605,869	6,971,432	(2,021,951)	1,920,050*	2,561,355
Other Income	4,849	3,108	3,436	7,184	362	375	673	369	414	627
Total Additions	$ 1,281,620	$ 767,432	$ 2,843,339	$ 2,498,884	$ 1,870,322	$1,276,669	$ 7,673,710	($ 1,336,889)	$ 2,554,223	$ 3,199,983
DEDUCTIONS:										
Benefit Payments	915,163	987,296	925,903	991,014	1,065,979	1,116,722	1,182,407	1,237,262	1,342,885	1,456,409
Refunds of Contributions	3,746	3,067	4,175	3,786	4,478	4,530	4,556	7,474	9,580	8,760
Administrative Expenses	17,814	19,347	19,134	19,908	20,244	20,685	21,372	22,146	22,994	24,068
Total Deductions	936,723	1,009,710	949,212	1,014,708	1,090,701	1,141,937	1,208,335	1,266,882	1,375,459	1,489,237
Changes in Plan Net Position	$ 344,897	($ 242,278)	$ 1,894,127	$ 1,484,176	$ 779,621	$ 134,732	$ 6,465,375	($ 2,603,771)	$ 1,178,764	$ 1,710,746

** Includes a prior year adjustment resulting from recognizing lease revenue according to GASB Statement No. 87, Leases.*

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

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
ADDITIONS:										
Employer Contributions	$ 148,477	$ 150,315	$ 165,170	$ 178,462	$ 188,020	$ 193,214	$ 200,424	$ 193,140	$ 186,418	$ 164,560
Net Investment Income (Loss)	51,291	12,522	189,381	165,453	111,602	58,065	698,367	(209,603)	214,717	287,438
Other Income (Loss)	371	249	39	517	33	36	67	38	47	70
Total Additions (Loss)	$ 200,139	$ 163,086	$ 354,590	$ 344,432	$ 299,655	$ 251,315	$ 898,858	($ 16,425)	$ 401,182	$ 452,068
DEDUCTIONS:										
Benefit Payments	110,411	116,678	122,562	130,722	137,874	143,600	151,855	147,467	153,918	164,341
Administrative Expenses	1,364	1,551	1,606	1,746	1,856	1,983	2,141	2,296	2,571	2,701
Total Deductions	111,775	118,229	124,168	132,468	139,730	145,583	153,996	149,763	156,489	167,042
Changes in Plan Net Position	$ 88,364	$ 44,857	$ 230,422	$ 211,964	$ 159,925	$ 105,732	$ 744,862	($ 166,188)	$ 244,693	$ 285,026

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

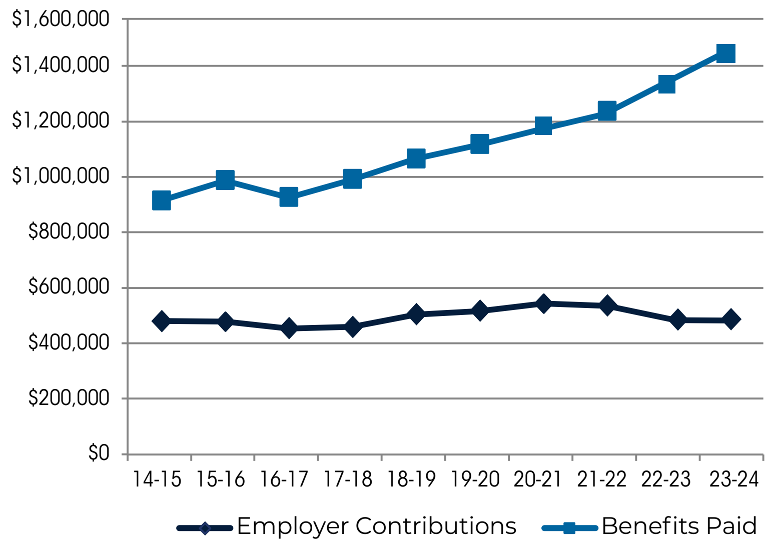
	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
TYPE OF BENEFIT										
Service/DROP	$ 681,484	$ 755,237	$ 690,500	$ 751,333	$ 820,342	$ 867,192	$ 927,177	$ 981,942	$ 1,073,199	$ 1,178,135
Disability	114,429	112,097	111,471	111,744	111,575	110,938	111,657	108,039	111,553	112,886
Surviving Spouse	116,935	117,554	121,499	125,174	129,826	134,861	140,370	143,492	154,659	161,733
Minors	2,315	2,408	2,433	2,763	4,236	3,731	3,203	3,789	3,474	3,655
Total Benefits Paid	$ 915,163	$ 987,296	$ 925,903	$ 991,014	$ 1,065,979	$ 1,116,722	$ 1,182,407	$ 1,237,262	$ 1,342,855	$ 1,450,409

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

	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
TYPE OF BENEFIT										
Medicare Reimbursement	$ 9,477	$ 9,614	$ 9,817	$ 10,872	$ 11,294	$ 10,844	$ 12,811	$ 13,200	$ 15,133	$ 15,256
Health Subsidy	96,198	102,172	107,640	114,559	121,406	126,586	133,192	128,040	132,347	142,497
Dental Subsidy	3,729	3,861	4,062	4,143	4,289	4,407	4,533	4,666	4,786	4,874
Health Insurance Reimbursement	1,006	1,031	1,043	1,148	885	1,763	1,319	1,561	1,652	1,714
Total Benefits Paid	$ 110,410	$ 116,678	$ 122,562	$ 130,722	$ 137,874	$ 143,600	$ 151,855	$ 147,467	$ 153,918	$ 164,341

Employer Contributions vs. Benefits Paid – Pension Plan
(in thousands)

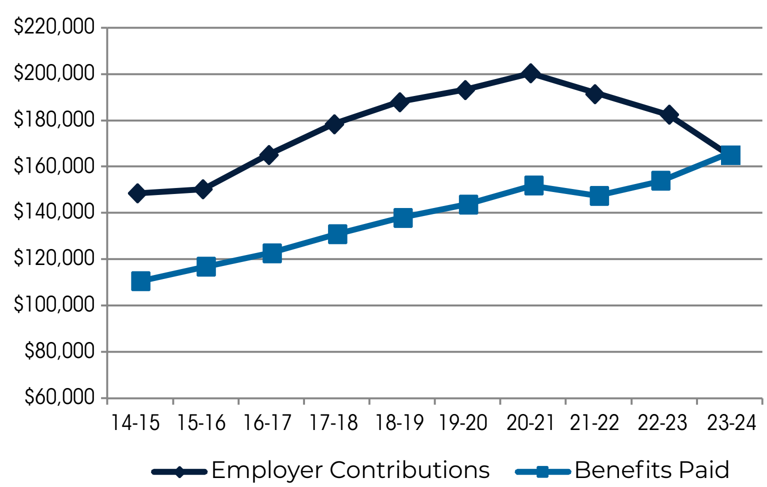
Fiscal Year	Employer Contributions	Benefits Paid*
14-15	480,332	915,163
15-16	478,385	987,296
16-17	454,309	925,903
17-18	459,632	991,014
18-19	504,877	1,065,979
19-20	516,638	1,116,722
20-21	543,819	1,182,407
21-22	535,450	1,237,262
22-23	481,824	1,342,885
23-24	480,810	1,456,409



** Amount does not include Refunds of Contributions.*

Employer Contributions vs. Benefits Paid – Health Subsidy Plan
(in thousands)

Fiscal Year	Employer Contributions	Benefits Paid
14-15	148,477	110,411
15-16	150,315	116,678
16-17	165,170	122,562
17-18	178,462	130,722
18-19	188,020	137,874
19-20	193,214	143,600
20-21	200,424	151,855
21-22	193,140	147,467
22-23	186,418	153,918
23-24	164,560	164,341



Michael Meadows Photo

OPERATING INFORMATION

Schedule of Retired Membership by Type of Benefits – Pension Plan

		Type of Benefits		
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability**	**Survivor**
$1 to $2,000	172	66	4	102
2,001 to 3,000	309	74	73	162
3,001 to 4,000	851	415	119	317
4,001 to 5,000	1,097	557	265	275
5,001 to 6,000	1,461	613	366	482
6,001 to 7,000	2,094	1,209	297	588
7,001 to 8,000	2,579	2,043	175	361
8,001 to 9,000	2,171	1,984	105	82
9,001 to 10,000	1,666	1,538	77	51
10,001 to 15,000	1,832	1,701	59	72
Over $15,000	191	179	5	7
Total	**14,423**	**10,379**	**1,545**	**2,499**

Schedule of Retired Membership by Type of Benefits – Health Subsidy Plan

	Type of Benefits			
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability***	**Survivor***
HEALTH:				
Not receiving subsidy	1,910	979	270	661
$1 to $200	104	75	10	19
201 to 400	579	268	44	267
401 to 600	739	502	143	94
601 to 800	2,907	1,484	219	1,204
801 to 1,000	678	528	101	49
1,001 to 1,200	2,024	1,769	196	59
1,201 to 1,400	1,876	1,692	184	0
1,401 to 1,600	454	425	29	0
1,601 to 1,800	743	714	29	0
1,801 to 2,000	655	644	11	0
2,001 to 2,200	680	672	8	0
2,201 to 2,241.39**	620	618	2	0
Total	**13,969**	**10,370**	**1,246**	**2,353**

	Type of Benefits		
Monthly Benefit	**Number of Pensioners**	**Service**	**Disability***
DENTAL:			
Not receiving subsidy	1,677	1,312	365
$ 1 to $10	0	0	0
11 to 20	115	16	99
21 to 30	283	40	243
31 to 42.93***	9,540	9,002	538
Total	**11,615**	**10,370**	**1,245**

* *Excludes 299 disability pensioners and 146 beneficiaries with less than 10 years of service and ineligible for a health or dental subsidy.*

***Maximum health subsidy effective July 1, 2024.*

****Maximum dental subsidy for Plan year 2024-2025.*

SECTION 7
LEGAL

1899

Celebrating 125 YEARS

LEGAL

Under Los Angeles City Attorney Hydee Feldstein Soto, the Public Pensions General Counsel Division of the City Attorney's Office ("General Counsel") serves as legal counsel to the Department and the Board of Fire and Police Pension Commissioners ("Board"). General Counsel also provides legal counsel to the Board of Administration of the Los Angeles City Employees' Retirement System and the Retirement Board of the Water and Power Employees' Retirement Plan. Joshua Geller is leading the Division as Interim Managing Assistant City Attorney, supported by Deputy City Attorneys Miguel Bahamon, Sheri Cheung, Gina Di Domenico, and Ali de Rivera, and by Administrative Coordinator Nicole Paul.

This past year, General Counsel provided advice and assistance to the Board and the Department on a variety of subjects, including fiduciary obligations, the Ralph M. Brown Act, the California Public Records Act, pension benefit issues, Deferred Retirement Option Plan ("DROP") issues, tax law compliance, ethics laws and regulations, investment agreements, general service contracts, data privacy, and disability pension applications.

Additionally, General Counsel represents the Board and Department in defensive litigation, and supervises outside law firms that are engaged by the Board to provide the Department with regular advice in certain specialized areas, such as federal and state tax laws, real estate and alternative investment transactions, cybersecurity and data privacy, and with occasional representation in complex or specialized litigation matters, such as bankruptcy cases and securities fraud class actions.

RECENTLY CONCLUDED LITIGATION

General Counsel supervised outside counsel in the securities class action *In re Myriad Genetics, Inc.* (U.S.D.C., D. Utah Case No.19-cv-00707-DBB-DBP), in which LAFPP played a critical role as lead plaintiff. The parties agreed to a class settlement valued at $77.5 million, a historic result that represents the largest ever securities litigation recovery in Utah.

General Counsel successfully defended LAFPP in a federal lawsuit, *Williams v. City of Los Angeles et al.* (U.S.D.C., C.D. Cal. Case No. 22-cv-05640-CJC-JC), in which the Board and Plan staff were named as defendants. The plaintiff was LAFPP Member Ronald Williams, who retired from LAPD on August 1, 1987. The United States District Court for the Central District of California granted LAFPP's motion to dismiss the case. On April 30, 2024, the Ninth Circuit Court of Appeals affirmed this dismissal, citing a lack of subject matter jurisdiction.

General Counsel also successfully defended LAFPP in two petitions for writ of mandamus. The first action was brought by LAFPP Member John Nguyen in *Nguyen v. Los Angeles City Fire and Police Pension System* (L.A.S.C. Case No. 22STCP03218), in which he sought to invalidate the Board's decision to grant him a nonservice-connected disability pension. The second action was brought by the surviving spouse of LAFPP Member James Rousseve in *Rousseve v. Los Angeles City Fire and Police Pension System* (L.A.S.C. Case No. 23STCP02353), in which she sought to invalidate the Board's decision to grant her a nonservice-connected surviving spouse pension. In both cases, the Court found that the Petitioners did not meet their evidentiary burdens and upheld the Board's decisions.


FIREFIGHTER
6
LAFD

SECTION 8
SUMMARY OF PLAN PROVISIONS

1899

Celebrating 125 YEARS

FIRE AND POLICE PENSION PLANS

TIER 1
(Formerly Article XVII)
July 1, 1925 – January 28, 1967

TIER 2
(Formerly Article XVIII)
January 29, 1967 – December 7, 1980

TIER 3
(Formerly Article XXXV, Plan 1)
December 8, 1980 – June 30, 1997

TIER 4
(Formerly Article XXXV, Plan 2)
July 1, 1997 – December 31, 2001

TIER 5
January 1, 2002 – June 30, 2011

TIER 6
Effective July 1, 2011

PENSION BENEFIT PROVISIONS

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

PENSION BENEFIT PROVISIONS, CONT.

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

MISCELLANEOUS BENEFIT PROVISIONS

11. Basic Death Benefit

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

12. Deferred Pension Option

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

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

13. Deferred Retirement Option Plan (DROP)

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

The member must be on an active duty/working status at the time of DROP entry.
While in DROP, the member's monthly pension, including any applicable cost of living adjustments (maximum of 3% each year for all Tiers), is posted to a nominal account that is credited with a guaranteed annual interest rate of 5%.

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

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

> Exception: If a participant sustains a serious injury while on and in the course and scope of duty and is admitted to and remains in the hospital for a minimum of three consecutive days as a direct result of that injury and the hospital admission occurs during the work shift in which the participant's injury occurred, their participation will not be suspended during the first 12 calendar months following the date of injury.

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

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

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

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

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

MISCELLANEOUS BENEFIT PROVISIONS, CONT.

15. Public Service Purchase (PSP) Program

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

16. Return of Contributions with Interest

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

17. Survivor Benefit Purchase Program

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

18. Opt-In Contribution

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

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES

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

HEALTH AND DENTAL INSURANCE PREMIUM SUBSIDIES, CONT.

19. Health Subsidy	Member	Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)
g. Medicare Subsidy Formula	10-14 YOS – 75% of maximum subsidy 15-19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the health insurance plan premium Dependent subsidy may apply Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** Members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011	10-14 YOS – 75% of maximum subsidy 15-19 YOS – 90% of maximum subsidy 20+ YOS – 100% of maximum subsidy Subsidy payment may not exceed the single party health insurance plan premium Must be enrolled in Medicare Parts A and B; and LAFPP will reimburse the standard Medicare Part B premium ***Note:*** QSS/QSDPs of members in Tiers 2-5 who (1) enter DROP or retire after July 14, 2011 and (2) chose not to opt-in during the designated period, are subject to the maximum subsidy in effect on July 1, 2011
h. Dependent Coverage	The health subsidy may be used to cover spouses, domestic partners, and children Children may be covered until age 26. Disabled dependent children may be covered beyond age 26.	The QSS/QSDP may cover eligible dependents on his/her health plan. However, the subsidy payment may not exceed the single party health insurance plan premium
20. Dental Subsidy	**Member**	**Qualified Surviving Spouse (QSS)/Qualified Surviving Domestic Partner (QSDP)**
a. Age	At least age 55	QSS/QSDPs are not eligible to receive a dental subsidy
b. Years of Service	At least 10 years of service (YOS)	N/A
c. Pension Type	Service or Disability	N/A
d. Eligible Plans	Dental subsidies may only be applied to one of the following Board-approved plans: – United Firefighters of Los Angeles City – Los Angeles Police Protective League – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners	Not eligible for a subsidy. However, QSS/QSDP may enroll in plans provided by one of the following Board-approved dental plan sponsors: – United Firefighters of Los Angeles City – Los Angeles Police Protective League – Los Angeles Police Relief Association – LACERS plans offered to a closed group of pensioners
e. Dental Subsidy Formula	4% per YOS, up to a maximum of 25 YOS Subsidy payment may not exceed the single-party dental insurance plan premium	N/A

21. Reciprocity

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

RECIPROCITY is an agreement between public retirement systems, to allow members to move from one public employer to another within a specific time limit, without losing some valuable retirement and benefit rights.

EXCESS BENEFIT PLAN

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

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

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

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

Disclaimer

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

SECTION 9

MILESTONES

1899

Celebrating 125 YEARS

1899-1901

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

1911-1919

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

1922

Fire and police pension plans were merged into one system.

1923-1925

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

1927

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

1933

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

1947

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

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

1957

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

1958

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

1959

Effective May 6, 1959, the System was again funded on an actuarial basis with a 50-year amortization period for the unfunded liabilities.

Investment provisions were changed to permit investment of up to 35% of fund assets in common stocks.

1961

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

1967

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

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

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

1968

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

1969

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

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

1971

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

1974

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

1975

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

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

1976

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

1977

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

1980

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

1981

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

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

1982

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

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

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

1983

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

1984

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

1985

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

1989

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

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

1990

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

1992

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

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

1. It gave the board of each public pension system complete authority for administration of the system's assets and for the actuarial function.

2. Each board is required to continue to provide benefits to members of the system and their beneficiaries, minimize employer contributions, and pay reasonable administrative costs. Proposition 162, however, specified that each board is to give highest priority to providing benefits to members and their beneficiaries.

3. Prop 162 specified that the Legislature cannot change terms and conditions of board membership, for boards with elected employee members, unless a majority of the persons registered to vote in the jurisdiction of the retirement system approves the change. For example, a change in a county retirement system's board membership would require a countywide vote.

Henry Berkson Photo

1993

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

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

1995

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

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

1996

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

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

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

1997

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

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

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

1999

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

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

2000

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

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

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

2001

Charter changes were approved to:

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

2002

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

The DROP Program became effective May 1, 2002.

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

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

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

2003

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

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

2005

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

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

The second amendment provided the following:

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

2006

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

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

Eric Fox Photo

Mike Meadows Photo

2007

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

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

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

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

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

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

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

2008

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

1. July 3, 2008 - A DROP member who is subsequently appointed Fire or Police Chief prior to exiting DROP shall be allowed to rescind his/her DROP election.
2. November 4, 2008 - A definitive ending date for DROP was removed, and a member must be on an active duty/working status at the time of entry into the program.

Austin Gebhardt Photo

2009

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

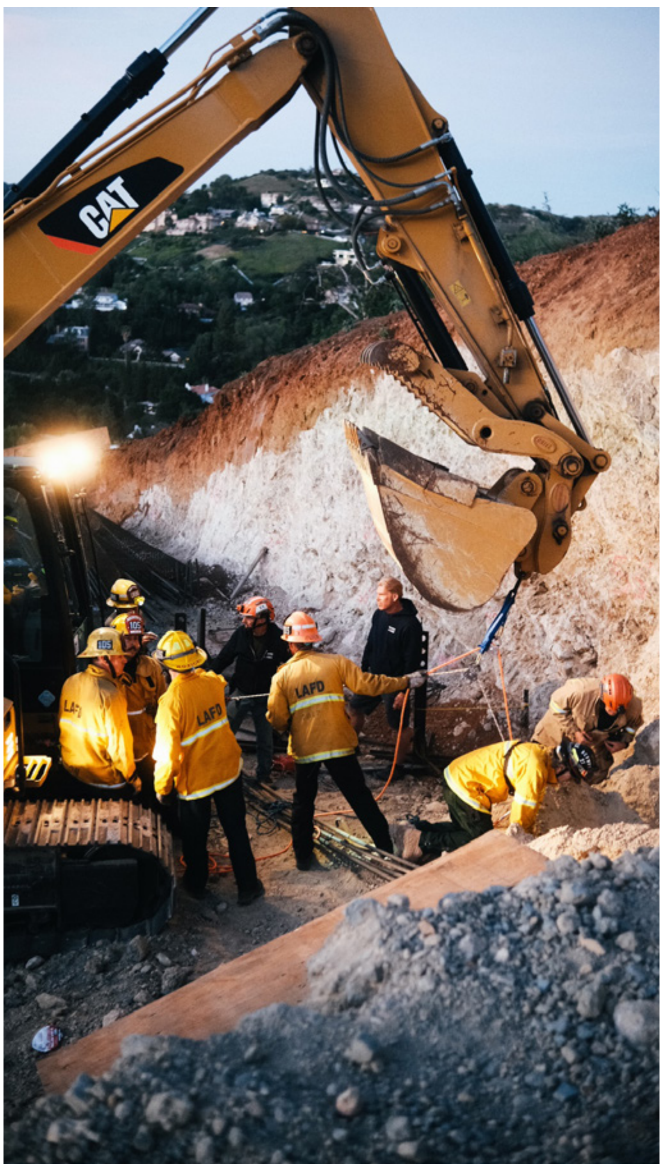
1. The first measure established a Survivor Benefit Purchase Program that allows retired members of the Plan to purchase, at their own expense, a survivor benefit for a spouse or domestic partner
2. The second measure modified the Dependent (Disabled) Children Survivor Benefits provided by the Plan. Dependent Children may now marry or be adopted without losing the right to Dependent Child benefits. Additional payment options, which do not increase the amount of benefits payable, were also authorized. The Board of Fire and Police Pension Commissioners (Board) was granted the authority to pay Dependent Child benefits to a Special Needs Trust for the benefit of the disabled child.

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

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

2010

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



2011

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

1. Established a Tier 6 for new members effective July 1, 2011. As a result of pension reform, Tier 6 participants will be required to contribute 11%, 2% more than the Tier 5 maximum 9% contribution.
2. Removed the System's amortization policies from the Charter and the Los Angeles Administrative Code. Instead, these policies shall be adopted by the Board of Fire and Police Pension Commissioners upon the advice of its consulting actuary.

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

2012

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

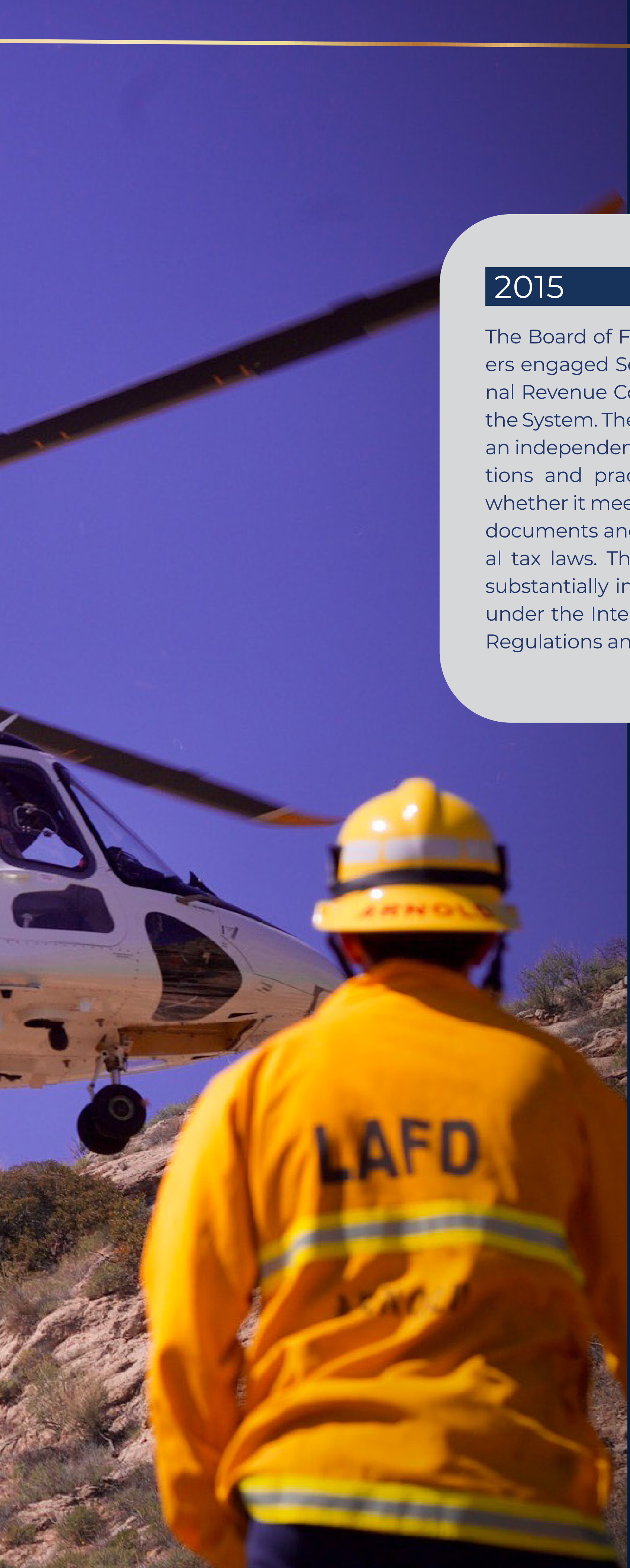
2013-2014

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

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

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

Leo Kaufman Photo



2015

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

Mark Lassman Photo

2016

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

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

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

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

Michael Meadows Photo

2017

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

2018

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

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

Michael Meadows Photo

2019

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

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

2. Members who sustain a serious injury on duty and are hospitalized for 3 or more consecutive days as a direct result of that injury, are exempt from the above provision for the first year following the date of injury.

2020

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

2022-2023

A permanent telecommuting and on-site hybrid work environment was implemented for staff.

125 YEARS Since 1899

LAFPP

To Serve Those Who Protect

LOS ANGELES FIRE AND POLICE PENSIONS

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