

**Los Angeles County Employees  
Retirement Association**

**ACTUARIAL VALUATION  
June 30, 2005**



By

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December 5, 2005

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Board of Investments  
Los Angeles County Employees Retirement Association  
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Dear Members of the Board:

As requested, we have made an actuarial valuation of the Los Angeles County Employees Retirement Association (LACERA). The major findings of the valuation are contained in this report. This report reflects the benefit provisions and contribution rates in effect as of June 30, 2005, and both the Interim Funding Policy and the Retirement Benefit Enhancement Agreement. In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by the LACERA's staff. This information includes, but is not limited to, statutory provisions, employee data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. It should be noted that if any data or other information is materially inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statements of Actuarial Opinion of the American Academy of Actuaries.

We further certify that all costs, liabilities, rates of interest, and other factors for LACERA have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of LACERA and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting LACERA. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions. The Board of Investments has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for LACERA. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for this purpose may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of LACERA's funding requirements as stated under their Interim Funding Policy, the Retirement Benefit Enhancement Agreement, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly



Board of Investments  
Los Angeles County Employees Retirement Association  
December 5, 2005  
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different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

This information is for the exclusive use of the Los Angeles County Employees Retirement Association (LACERA) for the purposes stated herein. The information provided may not be appropriate for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

We would like to express our appreciation to Ms. Marsha Richter, Chief Executive Officer of LACERA, and to members of her staff, who gave substantial assistance in supplying the data on which this report is based.

We are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

We respectfully submit the following report, and we look forward to discussing it with you.

Sincerely,

Karen I. Steffen, FSA, EA, MAAA  
Consulting Actuary

Nick J. Collier, ASA, EA, MAAA  
Consulting Actuary

KIS/NJC/nlo

**Los Angeles County Employees  
Retirement Association**

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Los Angeles County Employees  
Retirement Association

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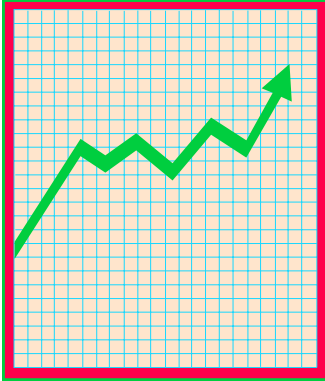
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# Los Angeles County Employees Retirement Association

## Section 1: Summary of the Findings



### Overview

### 2005 Valuation Results

	June 30, 2005	June 30, 2004
Required County Contribution Rate	14.86%	16.01%
Funded Ratio	85.8%	82.8%

We are pleased to present the results of the June 30, 2005 actuarial valuation. Several key points are summarized as follows:

- **Investment Returns:** LACERA's investment returns have exceeded the assumed rate of 7.75% over the past two years. These investment gains led to an improvement in the system's funding status and a reduction in the required County contribution rate.

For the fiscal year ending in 2005, the fund returned about 11% on a market basis. This gain, combined with the recognition of a portion of the deferred gain from 2004, more than offset the recognition of the loss deferred from 2003, resulting in a \$790 million gain on actuarial assets. This gain is the key factor affecting this year's valuation results.

Note that currently a \$1.4 billion net asset gain is being deferred. This is because the asset-smoothing method has recognized all of the losses from earlier in this decade, but only a portion of the gains from the prior two years. These gains will be reflected over the next two valuations.

- **Funding:** The Funded Ratio increased from 82.8% to 85.8%. Almost all of this increase is due to the investment gain.
- **Contribution Rates:** The County normal cost rate (9.53%) decreased slightly due to the usual year-to-year changes in membership. The County's required contribution rate to finance the Unfunded Actuarial Accrued Liability (UAAL) over 30 years also decreased to 5.33%. The result is a decrease in the required total contribution rate from the prior valuation of 1.15% (from 16.01% to 14.86% of payroll). Once again, the most important factor causing this decrease was the asset gain.

**Required Contribution Rate**

In accordance with the Retirement Benefits Enhancement Agreement, the required County contribution rate is 14.86% of payroll. This is equal to the payment of the County normal cost rate plus a 30-year amortization of the UAAL. It should be noted that the 14.86% is a weighed average for all LACERA plans. The actual percent of payroll to be contributed by the County varies by plan.

The new required rate is effective for the fiscal year beginning July 1, 2006. The 14.86% contribution rate is currently adequate to maintain the funding of the retirement system benefits based on the actuarial methods and assumptions used and satisfies the funding policies adopted by the Board. If the County were to elect to continue contributing at the current rate of 16.01%, this would reduce the projected amortization period from 30 years to 22 years.

**Funding Progress**

Based on the 2004 valuation, the expected funding status as of June 30, 2005 was a UAAL amount of \$5.74 billion. The actual UAAL for the fiscal year ending June 30, 2005 is \$4.88 billion. The decrease was due to a net experience gain on assets of \$0.79 billion and a gain on liabilities of \$0.07 billion. The gain on liabilities was due to an actual increase in salaries less than the assumed rate.

One measure of the funding adequacy of the plan is the Funded Ratio which compares the value of the Actuarial Value of Assets (net of certain non-valuation reserves) to the Actuarial Accrued Liability, for all LACERA plans combined. LACERA had maintained a Funded Ratio of approximately 100% for 1996-2002. Due to asset losses recently recognized, the Funded Ratio decreased significantly in 2003 and 2004. Strong investment returns over the past two years resulted in an increase in the Funded Ratio to 85.8% this year, as shown on the following page.

## Summary of the Findings (continued)

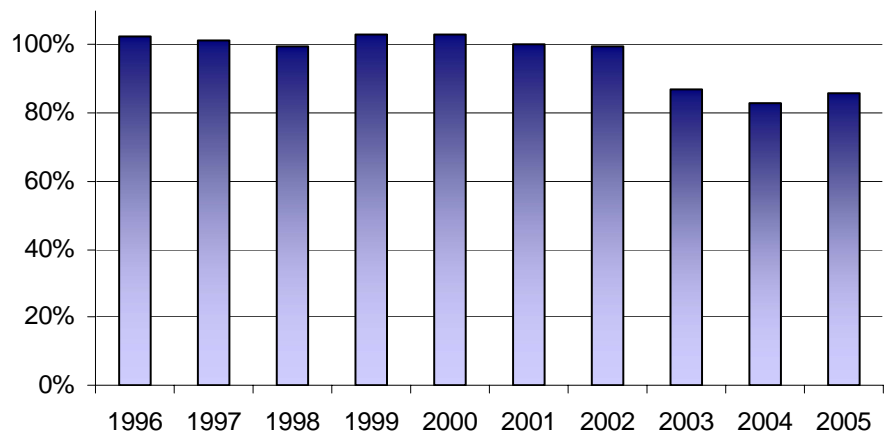
### Funding Progress (continued)

On June 30, 2005, the total Market Value of the fund was \$32.0 billion. The Actuarial Value was \$30.6 billion and was split between \$1.1 billion of Non-valuation Reserves and \$29.5 billion of Valuation Reserves. The Valuation Reserves are equal to 85.8% of the \$34.4 billion Actuarial Accrued Liability.

All dollar amounts in billions

	Market Value of Total Assets	Actuarial Value		Actuarial Accrued Liability	Funded Ratio
		Non-Valuation Reserves	Valuation Reserves		
1996	\$20.2	\$1.6	\$17.7	\$17.3	102.6%
1997	22.9	1.8	19.6	19.3	101.3
1998	25.5	3.5	20.9	21.0	99.5
1999	28.0	3.7	23.5	22.8	103.3
2000	31.6	4.3	25.4	24.7	102.9
2001	28.4	4.4	26.5	26.5	100.0
2002	26.0	2.0	28.3	28.4	99.4
2003	26.2	1.6	26.6	30.5	87.2
2004	29.5	1.4	27.1	32.7	82.8
2005	32.0	1.1	29.5	34.4	85.8

### Historical Funded Ratios





**Association Assets**

Market Value: The market value of assets has increased over the past five years, as a result of contributions and investment earnings, offset by benefit payments. The average return for the fund over that period has been 3.4%. The values shown in the market value column are total assets net of liabilities, and include all reserves.

Actuarial Assets: The market value of total assets is used in calculating the actuarial value of assets. Under the actuarial asset method, the market value returns are smoothed over a three-year period.

Valuation Reserves: The reserves represent the ownership of LACERA's assets. The reserves are established in compliance with the County Employees Retirement Law of 1937 as administered by the Board of Investments. These assets also reflect smoothing.

Non-Valuation Reserves: The non-valuation reserves are set aside for obligations or contingencies. They are not used to fund the retirement benefits unless explicitly stated. These assets may also reflect smoothing.

Valuation Assets: This is the combination of the valuation reserves and the portion of the non-valuation reserves that are recognized for funding purposes only as allowed under the new Retirement Benefits Enhancement Agreement.

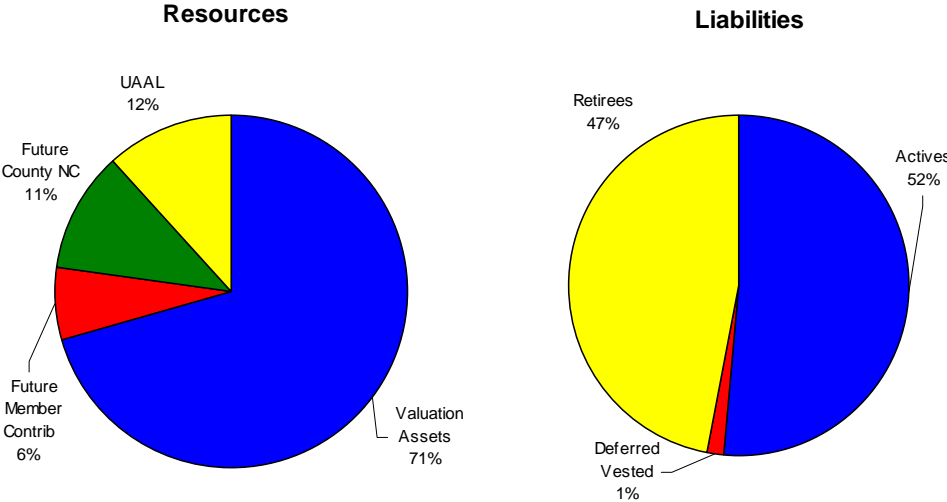
**Actuarial Balance Sheet**

The first step in the valuation process is to compare the total actuarial assets of LACERA with its total liabilities for all plans. In this analysis, assets equal those currently on hand, at the actuarial value, and also expected future contributions by both the County and members. Liabilities reflect benefits already earned in the past and those expected to be earned in the future by current members. This relationship is shown in the following chart. The Actuarial Accrued Liability (AAL) is the total of these liabilities less expected future normal cost contributions.

Comparing the current and future assets to the current and future liabilities, we then determine the annual contribution amount for the coming fiscal year.

**Actuarial Balance Sheet  
(continued)**

The 2005 actuarial valuation indicates that LACERA's Valuation Assets are less than its AAL. The difference between these two values is the UAAL. It is discussed, along with the effect of the experience gains and losses, in detail in Section 4, Actuarial Liabilities.



**Funding Agreement**

In 1994, the County and LACERA entered into a Funding Agreement that determined how the excess earnings were to be allocated for 1994-1998 and how County contributions were to be computed if a UAAL existed. Since LACERA met the funding requirements of the funding agreement in 1994-1998, County contributions consisted of the Normal Cost contribution only during that period.

**Funding Policy**

The 1994 Funding Agreement indicated the funding policy to be followed in 1994 through 1998. It only describes the amortization of any UAAL amounts for 1999-2008. During 2000, the Board discussed a long-term funding policy and established a method of allocating earnings on the various reserve funds under their Interim Funding Policy. In 2003, along with adopting the new MOU benefit enhancements, a Retirement Benefits Enhancement Agreement set up a new funding policy for the 2002-2008 valuations.

**Summary of the Findings  
(continued)**

**Funding Policy  
(continued)**

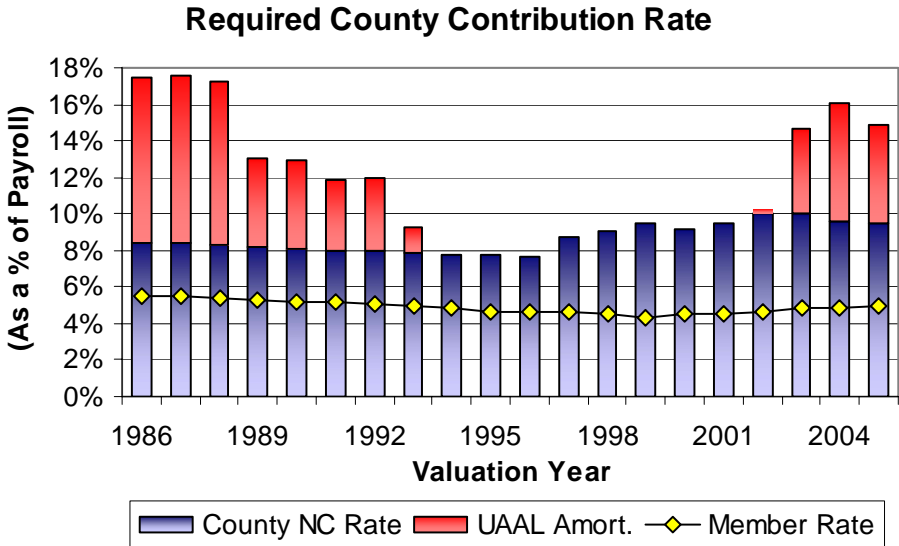
Under the new 2002 Retirement Benefits Enhancement Agreement, all of the funds in the Contingency Reserve in excess of 1% of the actuarial value of assets of the entire fund are considered as part of the Valuation Assets. In addition, in any year in which the Funded Ratio is less than 100% prior to its inclusion, a portion of the STAR Reserve is also to be considered as part of the Valuation Assets. The portion that is not available for treatment as Valuation Assets is the amount determined to be sufficient to fund the STAR benefits until July 1, 2009.

Note that, if the entire STAR reserve of \$657 million was excluded from the Valuation Assets, the UAAL would increase by \$632 million. Under this hypothetical scenario, the required County contribution rate would increase by 0.74% to 15.60%, and the Funded Ratio would decrease to 84.0%.

The Retirement Benefits Enhancement Agreement was adopted as a short term funding policy, applicable through the 2008 actuarial valuation.

**Contribution Rates**

Based on the results of the valuation, the Interim Funding Policy, and the Retirement Benefits Enhancement Agreement, the required County contribution rate will decrease for the fiscal year beginning in 2006 to a rate of 14.86% of pay. Member contribution rates are discussed in Section 5 and the rates are shown in detail in Appendix D. A historical perspective of the County contribution rates is shown in the following graph.



**Summary of the Findings  
(continued)**

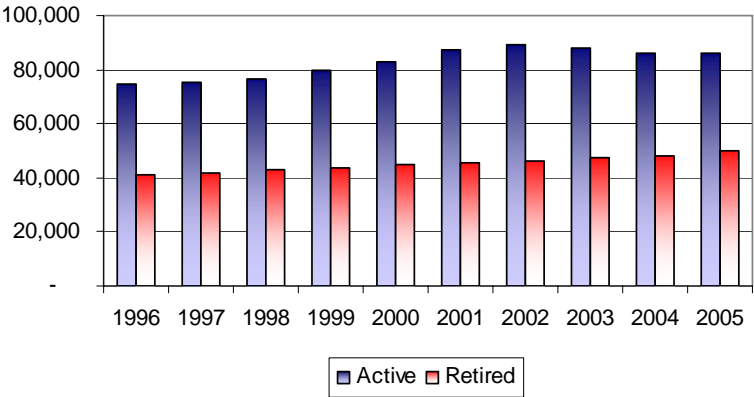
**Member Rates**

Since this is not a triennial valuation, we have not recommended any changes in the member rates. Member rates for all plans are discussed in Section 5.

**Member Information**

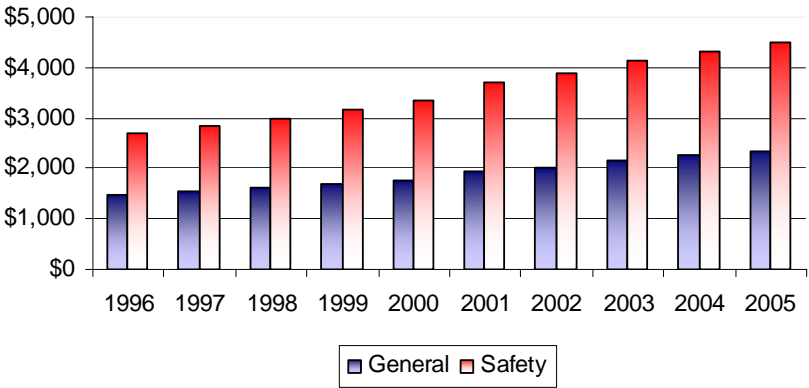
Payroll has increased since 2004. For 2005, payroll is \$5.05 billion for 86,384 active members. This represents a 2.0% increase in average pay and a 0.2% increase in active members.

**Membership Count**



Retired member counts and average retirement benefit amounts continue to increase steadily. For 2005, there were 49,769 retired members with an average benefit of \$2,766 per month. This represents a 3.0% increase in count and a 4.6% increase in the average monthly benefit.

**Average Monthly Retirement Benefit**



## Summary of the Findings (continued)

### Analysis of Change in Member Population

The following table summarizes the year-to-year change in member population. In addition to the movement shown below, 395 members (555 last year) transferred from Plan E to Plan D during the past year; and 126 members (128 last year) transferred from Plan D to Plan E.

	Active Contributing Members	Deferred Vested Members	Retirees, Disabilities, & Beneficiaries
<b>June 30, 2004 Valuation</b>	<b>86,235</b>	<b>6,559</b>	<b>48,332</b>
Termination without Refund	(825)	825	-
Termination with Refund	(1,419)	(43)	-
Active/Deferred Death with Annuity	(77)	(33)	110
Service Retirement	(1,931)	(259)	2,190
Disability Retirement	(202)	(5)	207
Retiree Death without Beneficiary	-	-	(1,068)
New Entrants	4,537	-	-
Rehires	66	(64)	(2)
<b>Total Change</b>	<b>149</b>	<b>421</b>	<b>1,437</b>
<b>June 30, 2005 Valuation</b>	<b>86,384</b>	<b>6,980</b>	<b>49,769</b>

### Sensitivity to Investment Return

The valuation results are projections based on the actuarial assumptions. Actual experience will differ from these assumptions, either increasing or decreasing the ultimate cost. Of the assumptions, the investment return generally has the biggest impact. The following chart provides a simple analysis on how the costs are affected by the investment return assumption.

	Investment Return Assumption		
	Current 7.75%	+0.5% 8.25%	-0.5% 7.25%
<b>County Contribution Rate</b>	14.86%	11.60%	18.20%
Change		-3.26%	3.34%
<b>Funded Ratio</b>	85.8%	90.9%	80.8%
Change		5.1%	-5.0%

### Summary Valuation Results

The following Exhibit 0 presents a summary of key data elements on June 30, 2005 and June 30, 2004, and how they changed over the past year. More detail on each of these elements can be found in the following Sections and Exhibits of this report.

## Los Angeles County Employees Retirement Association

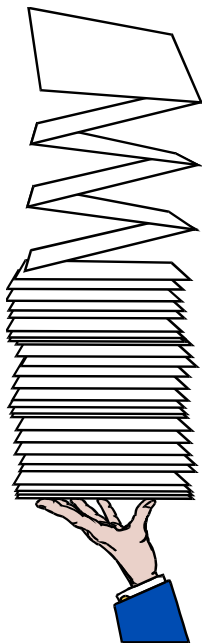
### Exhibit 0: Summary of Significant Valuation Results

	<u>June 30, 2005</u>	<u>June 30, 2004</u>	<u>Percentage Change</u>
I. Total Membership			
A. Active Members	86,384	86,235	0.2 %
B. Retired Members & Beneficiaries	49,769	48,332	3.0%
C. Vested Terminated Members	<u>6,980</u>	<u>6,559</u>	6.4%
D. Total	143,133	141,126	1.4 %
II. Pay Rate as of June 30, 2005			
A. Annual Total (\$millions)	\$ 5,051	\$ 4,942	2.2%
B. Monthly Average	\$ 4,873	\$ 4,776	2.0%
III. Average Monthly Benefit to Current Retirees and Beneficiaries			
A. Service Retirement	\$ 2,834	\$ 2,712	4.5%
B. Disability Retirement	\$ 3,334	\$ 3,186	4.7%
C. Surviving Spouse and Dependents	\$ 1,733	\$ 1,646	5.3%
D. Total	\$ 2,766	\$ 2,645	4.6%
IV. Actuarial Accrued Liability			
A. Active Members	\$ 14,138	\$ 13,843	2.1%
B. Retired Members	\$ 19,623	\$ 18,331	7.1%
C. Vested Terminated Members	<u>\$ 615</u>	<u>\$ 526</u>	16.9%
D. Total	\$ 34,375	\$ 32,700	5.1%
V. Assets			
A. Market Value of Fund (\$millions)	\$ 32,026	\$ 29,481	8.6%
B. Actuarial Value (\$millions)			
a. Valuation Reserves	\$ 29,497	\$ 27,089	8.9%
b. Non-valuation Reserves	\$ 1,122	\$ 1,387	(19.1)%
VI. Unfunded Actuarial Accrued Liability or Surplus Funding (\$millions)	\$ 4,878	\$ 5,611	(13.1)%
VII. Required County contribution rate for all plans combined as a percent of total payroll			
A. Gross Normal Cost	14.50%	14.48%	0.1%
B. Member Contributions	<u>(4.97)%</u>	<u>(4.88)%</u>	1.8%
C. County Normal Cost	9.53%	9.60%	(0.7)%
D. UAAL Amortization	<u>5.33%</u>	<u>6.41%</u>	(16.8)%
E. Total Required Contribution	14.86%	16.01%	(7.2)%
VIII. Funded Ratio	85.8%	82.8%	3.6%

# Los Angeles County Employees Retirement Association

## Section 2: Scope of the Report

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This report presents the actuarial valuation of the Los Angeles County Employees Retirement Association as of June 30, 2005. This valuation was requested by the Board. Section 31453 of the County Employees Retirement Law of 1937 (the 37 Act) requires an actuarial valuation to be performed at least every three years for the purposes of setting contribution rates. The 2004 valuation met this requirement. However, under the Retirement Benefit Enhancement Agreement, annual valuations redetermine the County Contribution rates each year through 2008.

In reading our cover letter, please pay particular attention to the guidelines employed in the preparation of this report. We also comment on the sources and reliability of both the data and the actuarial assumptions upon which our findings depend. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. The assets and investment income are presented in Exhibits 1-3. Exhibit 4 develops the Actuarial Value of Assets as of June 30, 2005. Exhibit 5 develops the Valuation Assets used for funding benefits.

Section 4 describes the benefit obligations of LACERA. Exhibit 6 is the Actuarial Balance Sheet and Exhibit 7a analyzes the change in UAAL (Surplus Funding). Exhibit 7b shows a history of these changes.

Section 5 discusses the Member contribution rates.

Section 6 discusses the County contributions needed to fund the benefits under the actuarial cost method in use.

Section 7 discloses the information required under Statement No. 25 of the Governmental Accounting Standards Board (GASB).

Section 8 shows the estimated cash flow of the system, including a projection of both contributions and benefit payments.

## Scope of the Report (continued)

This report includes several appendices:

- Appendix A A summary of the actuarial procedures, and assumptions used to estimate liabilities and contributions.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on June 30, 2005.
- Appendix C Schedules of valuation data classified by various categories of plan members.
- Appendix D Member contribution rates by plan.
- Appendix E A glossary of actuarial terms used in this report.



## Los Angeles County Employees Retirement Association

### Section 3: Assets



In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is June 30, 2005. On that date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are generally well in excess of the actuarial assets. The purpose of the valuation is to determine what future contributions by the members and County are needed to pay all expected future benefits.

This section of the report deals with the determination of assets used for funding purposes. In the next section, the actuarial liabilities will be discussed. Sections 5 and 6 deal with the process for determining required contributions based on the relationship between the actuarial assets and the actuarial liabilities.

A historical summary of the system's assets is presented below:

All dollar amounts in billions

	Market Value of Total Assets	Actuarial Value		Total Fund Return*
		Non- Valuation Reserves	Valuation Reserves	
1996	\$20.2	NA	\$17.7	N/A
1997	22.9	NA	19.6	17.7%
1998	25.5	NA	20.9	15.5
1999	28.0	3.7	23.5	12.9
2000	31.6	4.3	25.4	15.2
2001	28.4	4.4	26.5	-5.2
2002	26.1	2.0	28.3	-5.6
2003	26.2	1.6	26.6	3.6
2004	29.5	1.4	27.1	16.5
2005	32.0	1.1	29.5	11.0

*\*As reported in the Investment Section of the CAFR.*

On June 30, 2005, the total market value of the fund, less current liabilities, was \$32.0 billion. The actuarial value of the fund was determined to be \$30.6 billion, including the non-valuation reserves. The average total fund return for the last five years was 3.7%.

**Financial Exhibits**

Exhibit 1 presents a Statement of Plan Net Assets and Exhibit 2 presents a Statement of Changes in Plan Net Assets. Exhibit 3 describes the allocation of LACERA's assets by the various reserve values determined for accounting purposes as disclosed in the comprehensive annual financial report (CAFR).

Exhibits 1-3 are taken directly from data furnished to us by LACERA in their annual financial report. We have accepted these tables for use in this report without audit, but we have reviewed them for reasonableness and consistency with previous reports.

**Actuarial Asset Method**

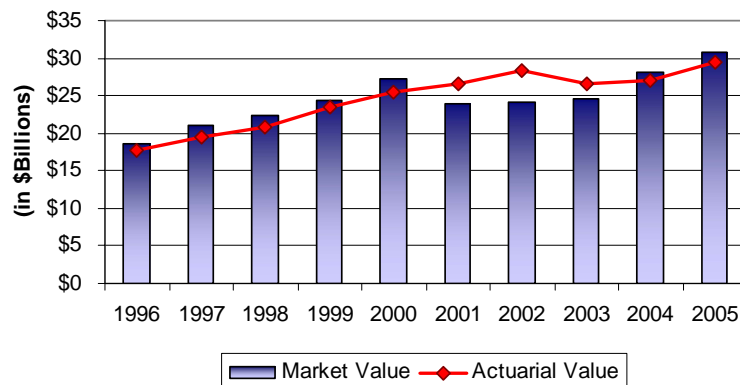
The current actuarial asset method was adopted for the June 30, 1999 valuation but applied only to the valuation reserves; all reserves set aside for other purposes were held at book value. Since the June 30, 2000 valuation, the method has been applied to all reserve values.

The actuarial asset method computes the expected market value of assets based on the prior year's market value of assets, the actual cash flow of contributions and benefit payments, and the assumed investment rate of return. The current assumed rate of return is 7.75%, net of all expenses. The difference between the actual market value and the computed expected market value is smoothed, or recognized over a three-year period.

**Actuarial Value of Assets**

The development of the June 30, 2005 actuarial value of assets is shown in Exhibit 4. Note the smoothing process has recognized the investment losses from 2002 and 2003 over the last few years and is now in a net actuarial gain position. The result is an actuarial value of assets less than the June 30, 2005 market value by \$1.4 billion. The following graph shows a historical comparison of the actuarial and market assets used for valuation purposes.

**Applicable Valuation Assets**



**Interim Actuarial  
Funding Policy**

At the February 14, 2001 Board meeting, the following Interim Actuarial Funding Policy was adopted:

Earnings for a Plan Year plus recognized investment income, together with the prior balances in the Contingency Reserve will be allocated as of the Valuation Date in the following order of priority:

- Priority 1: Allocate to the Member Reserve an amount equal to one year's interest at LACERA's interest crediting rate, generally the assumed interest rate used in the actuarial valuation as of the preceding Valuation Date.
- Priority 2: Allocate to the Employer Reserve and the Advanced Employer Contributions Reserve amounts equal to one year's interest at the assumed interest rate used in the actuarial valuation as of the preceding Valuation Date.
- Priority 3: Allocate to the Contingency Reserve an amount equal to 1% of Actuarial Value of Assets.
- Priority 4: Allocate to the County Contribution Credit Reserve an amount equal to one year's interest at the assumed interest rate used in the actuarial valuation as of the preceding Valuation Date.
- Priority 5: Allocate to the Employer Reserve an amount, if necessary, when combined with other valuation Reserves, to provide 100% funding of the Actuarial Accrued Liability as of the Valuation Date.
- Priority 6: Allocate any remaining Earnings as directed by the Board of Investments.

There were enough earnings for the year and assets in the contingency reserve to satisfy Priorities 1-4. The remainder was credited to the Employer Reserve (Priority 5); however, this was not enough to provide 100% funding of the AAL.

**Valuation Assets**

Valuation Assets are the actuarial value of the fund, less the value of any reserves which have been set aside for current liabilities and special benefits that are to be funded outside of the actuarially determined contribution rates. The 37 Act requires the Contingency Reserve be set at a minimum of 1.0% of assets.

**Valuation Assets  
(continued)**

The Retirement Benefits Enhancement Agreement allows a portion of the STAR Reserve to also be allocated to the Valuation Assets, if needed. The estimated value of approving a permanent STAR benefit through July 1, 2009 is \$25 million and should be excluded from the Valuation Assets. Thus, all but \$25 million of the June 30, 2005 accounting value of the \$657 million STAR Reserve was used to determine the contribution rates for fiscal year commencing July 1, 2006. The non-valuation reserve allocations for funding purposes shown in Exhibit 5 are not the same as those shown in the annual report and in Exhibit 3.

Note that the County Contribution Credit Reserve is credited with interest under the Interim Funding Policy as shown in Exhibit 5, the allocation of Valuation Assets, and is greater than the accounting value shown in Exhibit 3.

The Retirement Benefits Enhancement Agreement expires on July 1, 2010. Commencing with the June 30, 2009 valuation, the funding policy for LACERA shall be determined by the Board of Investment as it shall deem appropriate.

## Los Angeles County Employees Retirement Association

**Exhibit 1: Statement of Plan Net Assets  
For Years Ended June 30, 2004 and 2005  
(Dollars in Thousands)**

	2005	2004
<b>Assets</b>		
Cash	\$ 97,456	\$ 39,844
Collateral on Loaned Securities	3,001,156	2,770,860
Receivables		
Accounts Receivable – Sale of Investments	329,931	347,492
Accrued Interest and Dividends	109,878	102,427
Accounts Receivable – Other	103,895	100,212
Total Receivables	543,704	550,131
Investments at Fair Value		
Stocks	17,299,546	16,556,302
Bonds	8,467,784	7,588,497
Short-Term Investments	947,634	1,086,950
Real Estate	3,213,698	2,952,245
Mortgages	268,449	320,594
Alternative Assets	1,777,213	1,382,499
Total Investments	31,974,324	29,887,087
Capital Assets Net of Depreciation	-	1
<b>Total Assets</b>	<b>35,616,640</b>	<b>33,247,923</b>
<b>Liabilities</b>		
Accounts Payable – Purchase of Investments	509,383	924,203
Retiree Payroll and Other Payables	125	8
Accrued Expenses	23,809	20,660
Tax Withholding Payable	15,614	14,180
Obligations under Securities Lending Program	3,001,156	2,770,860
Accounts Payable – Other	40,448	36,829
<b>Total Liabilities</b>	<b>3,590,535</b>	<b>3,766,740</b>
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>32,026,105</b>	<b>\$29,481,183</b>

## Los Angeles County Employees Retirement Association

### Exhibit 2: Statement of Changes in Plan Net Assets For the Years Ended June 30, 2004 and 2005 (Dollars in Thousands)

	2005	2004
<b>Additions</b>		
Contributions		
Employer	\$ 527,810	\$ 395,109
Member	286,096	262,699
Total Contributions	813,906	657,808
Investment Income		
<i>From Investing Activities</i>		
Net Appreciation/(Depreciation) in Fair Value of Investments	1,597,148	2,740,449
Investment Income	1,850,038	1,444,888
Total Investing Activity Income/(Loss)	3,447,186	4,185,337
Less Expenses From Investing Activities	(59,664)	(75,823)
Net Investing Activity Income/(Loss)	3,387,522	4,109,514
<i>From Securities Lending Activities</i>		
Securities Lending Income	79,263	36,817
Less Expenses From Securities Lending Activities	(70,592)	(27,831)
Net Securities Lending Income	8,671	8,986
Total Net Investment Income/(Loss)	3,396,193	4,118,500
Miscellaneous	3,222	2,605
<b>Total Additions/(Declines)</b>	<b>4,213,321</b>	<b>4,778,913</b>
<b>Deductions</b>		
Retiree Payroll	1,542,087	1,426,944
Administrative Expense	43,182	38,684
Refunds	18,630	18,088
Lump Sum Death Benefits	1,646	2,479
Retiree Healthcare Program	62,318	59,054
Miscellaneous	536	287
<b>Total Deductions</b>	<b>1,668,399</b>	<b>1,545,536</b>
Net Increase/(Decrease)	2,544,922	3,233,377
Net Assets Held in Trust for Pension Benefits Beginning of Year	29,481,183	26,247,806
<b>End of Year</b>	<b>32,026,105</b>	<b>\$29,481,183</b>

**Los Angeles County Employees  
Retirement Association**

**Exhibit 3: Allocation of Assets by Accounting Reserve Amounts  
(Dollars in Thousands)**

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
1. Member Reserves		
a. Active Members	\$ 10,596,424	\$ 9,922,484
b. Unclaimed Deposits	<u>-</u>	<u>-</u>
c. Total Member Reserves	\$ 10,596,424	\$ 9,922,484
2. Employer Reserves		
a. Actual Employer Contributions	\$ 13,718,254	\$ 13,365,323
b. Advanced Employer Contributions	<u>431,806</u>	<u>619,883</u>
c. Total Employer Contributions	\$ 14,150,060	\$ 13,985,206
3. County Contribution Credit Reserve	\$ 312,829	\$ 375,146
4. STAR Reserve	656,602	656,602
5. Contingency Reserve	<u>220,387</u>	<u>49,090</u>
6. Total Reserves at Book Value	\$ 25,936,302	\$ 24,988,528
7. Unrealized Investment Portfolio Appreciation	<u>6,089,803</u>	<u>4,492,655</u>
8. <b>Total Reserves at Fair Value</b>	<b>\$ 32,026,105</b>	<b>\$ 29,481,183</b>

Note: These amounts were determined by LACERA for accounting purposes and are reported in the June 30, 2005 CAFR.

**Los Angeles County Employees  
Retirement Association**

**Exhibit 4: 3-Year Smoothing of Gains and Losses on Market Value  
(Dollars in Thousands)**

June 30, 2005 Valuation						
Plan Year Ending	Contributions	Benefit Payments	Expected Market Value	Actual Market Value	Phase-Out of Gain / (Loss)	
6/30/2005	\$ 813,906	\$ 1,624,681	\$ 30,924,368	\$ 32,026,105	67% x	\$ 1,101,737 = \$ 734,491
6/30/2004	657,808	1,506,565	27,465,576	29,481,183	33% x	2,015,607 = 671,869
6/30/2003	558,716	1,392,609	27,264,412	26,247,806	0% x	(1,016,606) = 0
6/30/2002				26,047,240		= 0
					Total Phase-Out of Gain / (Loss) =	\$ 1,406,360
					Total Market Value of Assets =	32,026,105
					Total Actuarial Value of Assets =	<b>\$ 30,619,745</b>
Total Actuarial Value of Assets = Total Market Value of Assets less the Total Phase-Out amount Phase-Out amounts will be recognized in future years.						



**Los Angeles County Employees  
Retirement Association**

**Exhibit 5: Allocation of Valuation and Non-Valuation Assets  
(Dollars in Thousands)**

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
1. Total Market Value of Assets	\$ 35,616,640	\$ 33,247,923
2. Current Liabilities	<u>3,590,535</u>	<u>3,766,740</u>
3. Net Assets Held in Trust for Pension Benefits	\$ 32,026,105	\$ 29,481,183
4. Market Stabilization Reserve <sup>(1)</sup>	<u>1,406,360</u>	<u>1,004,869</u>
5. Actuarial Value of Fund Assets	\$ 30,619,745	\$ 28,476,314
6. Non-Valuation Reserves <sup>(2)</sup>		
a. Unclaimed Deposits	\$ -	\$ -
b. Contingency Reserve	306,197	284,763
c. Advanced Employer Contributions	447,923	620,994
d. County Contribution Credit Reserve	343,440	469,232
e. Reserve for STAR Program	<u>24,700</u>	<u>11,885</u>
f. Total	\$ 1,122,260	\$ 1,386,874
7. Valuation Assets <sup>(2)</sup>		
a. Member Reserves	\$ 10,596,424	\$ 9,922,484
b. Employer Reserves for Funding Purposes	<u>\$ 18,901,061</u>	<u>\$ 17,166,956</u>
c. Total	\$ 29,497,485	\$ 27,089,440

(1) The Market Stabilization Reserve represents the difference between the Market Value of the fund, less Current Liabilities, and the Actuarial Value of the fund as determined in Exhibit 4.

(2) The values used for funding purposes for all reserves are based on the Board's Interim Funding Policy. Amounts used for funding purposes may differ from those reported in the financial report as shown in Exhibit 3.

## Los Angeles County Employees Retirement Association

### Section 4: Actuarial Liabilities

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In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of LACERA's assets as of the valuation date, June 30, 2005. In this section, the discussion will focus on the commitments of LACERA for retirement benefits, which are referred to as its actuarial liabilities.

In an active system, the actuarial liabilities will almost always exceed the actuarial assets. This is usually expected in all but a fully closed down fund, where no further contributions of any sort are anticipated. This deficiency has to be provided by future contributions and investment returns. An actuarial valuation method sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion. The determination of the level of future contributions needed is discussed in the next section.

#### **Actuarial Balance Sheet – Liabilities**

First, we need to determine the amount of the deficiency. We compare the Actuarial Value of the Valuation Assets to the Actuarial Liabilities. The difference is the amount that needs to be funded by the Member and County contributions in the future. Both the current and future assets (contributions) are compared to the actuarial liabilities in the Actuarial Balance Sheet.

Exhibit 6 contains an analysis of the actuarial present value of all future benefits for inactive members, (both retired and deferred vested members), and active members. The analysis is given by class of membership, by plan and by type of benefit.

The actuarial liabilities include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits to be earned. For all members, active and inactive, the value extends over the rest of their lives and for the lives of any surviving beneficiaries.

The actuarial assumptions used to determine the liabilities are based on the results of the 2004 Investigation of Experience Report. New assumptions were adopted by the Board effective June 30, 2004.

**Los Angeles County Employees  
Retirement Association**

**Exhibit 6: Actuarial Balance Sheet – June 30, 2005  
(Dollars in millions)**

	General					Safety		All Plans
	Plan A	Plan B	Plan C	Plan D	Plan E	Plan A	Plan B	
<b>LIABILITIES</b>								
Present Value of Benefits - Inactives								
- Retirees and Beneficiaries	\$ 10,955	\$ 122	\$ 68	\$ 887	\$ 577	\$ 6,302	\$ 712	\$ 19,623
- Vested Terminated	69	19	6	262	184	2	73	615
- Inactive Total	11,024	141	74	1,149	761	6,304	785	20,238
Present Value of Benefits - Actives								
- Service Retirement	\$ 2,623	\$ 195	\$ 120	\$ 6,511	\$ 4,059	\$ 530	\$ 3,103	\$ 17,141
- Transfer Service (prior LACERA plan)	60	6	1	23	186	6	9	291
- Disability Retirement	70	6	4	618	N/A	268	2,241	3,207
- Death	32	3	2	274	N/A	2	45	358
- Termination (No Refund)	*	*	*	205	170	*	34	409
- Refund of Member Contributions	*	*	*	91	N/A	*	6	97
- Active Total	2,785	210	127	7,722	4,415	806	5,438	21,503
<b>Total Actuarial Liabilities</b>	<b>\$ 13,809</b>	<b>\$ 351</b>	<b>\$ 201</b>	<b>\$ 8,871</b>	<b>\$ 5,176</b>	<b>\$ 7,110</b>	<b>\$ 6,223</b>	<b>\$ 41,741</b>
<b>ASSETS</b>								
Valuation Assets	\$ 9,340	\$ 341	\$ 200	\$ 5,416	\$ 4,792	\$ 4,731	\$ 4,677	\$ 29,497
PV Future Member Contributions	32	10	6	1,806	*	3	840	2,697
PV Future County Normal Cost Contribs.	150	10	7	1,948	1,267	43	1,243	4,668
UAAL or (Surplus Funding)	4,287	(10)	(12)	(299)	(883)	2,333	(538)	4,878
<b>Total Current and Future Assets</b>	<b>\$ 13,809</b>	<b>\$ 351</b>	<b>\$ 201</b>	<b>\$ 8,871</b>	<b>\$ 5,176</b>	<b>\$ 7,110</b>	<b>\$ 6,223</b>	<b>\$ 41,741</b>

\* Less than \$0.5 million

**Actuarial Balance Sheet – Liabilities  
(continued)**

All liabilities reflect the benefits effective through June 30, 2005. This includes the permanent STAR COLA adopted for 2005 and the estimated retroactive benefit payments pursuant to the final Ventura settlement (\$177 million).

**Actuarial Balance Sheet – Assets**

For the purpose of the Actuarial Balance Sheet, LACERA's assets are equal to the sum of:

- (a) assets currently available to pay benefits and considered for funding purposes, the Valuation Assets,
- (b) the present value of future contributions expected to be made by current active Members, and
- (c) the present value of future contributions expected to be made by the County.

**Actuarial Cost Method**

The Actuarial Balance sheet determines the amount of future contributions that are needed, but the method used to determine the incidence of when those future contributions are yet to be made in future years is called the "actuarial cost method". For this valuation, the entry age actuarial cost method has been used. Under this method – or essentially any actuarial cost method – the contributions required to meet the difference between current assets and current actuarial liabilities are allocated each year between two elements:

- A normal cost amount; and
- Whatever amount is left over, which is used to amortize what is called the UAAL.

The two items described above – the normal cost and UAAL – are the keys to understanding the actuarial cost method.

**Normal Cost**

The normal cost is the theoretical contribution rate that will meet the ongoing costs of a group of average new employees. Suppose that a group of new employees was covered under a separate fund from which all benefits and to which all contributions and associated investment returns were paid.

Under the entry age actuarial cost method, the normal cost contribution rate maintains the funding of benefits as a level percentage of pay. If experience follows the actuarial assumptions precisely, the fund would be completely liquidated when the last payment to the last survivor of the group was made.

**Actuarial Liabilities  
(continued)**

**Normal Cost  
(continued)**

By applying the normal cost contribution rate to the present value of salaries expected to be paid in the future, we determine the present value of future normal cost contributions. Future contributions are expected to be made by both the Members and the County. The member contribution rates are determined based upon requirements established in the 37 Act and the actuarial assumptions. Based on these member contribution rates, we determine the present value of future member contributions. We subtract that value from the total future normal cost contributions expected, based on the entry age cost method. The remaining difference is the County's portion of the future normal cost contributions.

**Actuarial Accrued Liability**

The difference between the present value of all future obligations and the present value of the future normal cost contributions is referred to as the "actuarial accrued liability". The Actuarial Accrued Liability is then compared to the value of assets available to fund benefits, and the difference is referred to as the UAAL. The results for LACERA for all plans are summarized below:

(Dollars in millions)	2005	2004	Percent Change
A. Actuarial present value of all future benefits for contributing members, former contributing members, and their survivors	\$ 41,741	\$ 39,917	4.6%
B. Actuarial present value of total future normal costs for current members	\$ 7,365	\$ 7,217	2.1%
C. Actuarial accrued liability [A-B]	\$ 34,375	\$ 32,700	5.1%
D. Valuation Assets	\$ 29,497	\$ 27,089	8.4%
E. UAAL or Surplus Funding [C-D]	\$ 4,879	\$ 5,611	(13.0)%
F. Funded Ratio [D/C]	85.8%	82.8%	3.6%

**Actuarial Accrued  
Liability  
(continued)**

It is interesting to note the maturity of LACERA's fund. Nearly one half, 48.5%, of the total actuarial obligation is for retired and deferred vested members. Of the \$21.5 billion in obligations for the active members, the cost method allocates about two-thirds to service already rendered. Of course, Plans A-C for general members and Plan A for safety members are no longer open for new employees. To the extent those older plans represent more costly plan benefits, this adds to the weighting for accrued obligations.

**Unfunded Actuarial  
Accrued Liability/  
Surplus Funding**

The portion allocated to service already rendered or accrued is called the Actuarial Accrued Liability. The difference between the Actuarial Accrued Liability and the Valuation Assets is called the Unfunded Actuarial Accrued Liability (UAAL). If a UAAL amount exists, it usually results from prior years' benefit or assumption changes and the net effect of accumulated gains and losses. If the County had always contributed the current Normal Cost, if there were no prior benefit or assumption changes and if actual experience exactly matched the actuarial assumptions, the present value of all future Normal Cost contributions would be sufficient to fund all benefits and there would be no UAAL.

The term "fully funded" is often applied to a system in which contributions for everyone at the normal cost rate are sufficient to pay for the benefits of existing employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely paid for or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, a UAAL exists, implying that past experience has varied from what was assumed to have occurred based on the current benefit levels and actuarial assumptions.

However, even if a system does not have a positive UAAL, a portion or all of the normal cost contribution payments will need to be continued in order to have sufficient funds to pay future benefits. The use of the term "fully funded" may seem to imply no further contributions are required. Therefore, a better term is a "well-funded" plan. This occurs when the value of the assets equals or exceeds the Actuarial Accrued Liability and the difference can be referred to as the Surplus Funding.

Exhibit 6 shows how the UAAL, or Surplus Funding, was derived for each level of plan benefits. In the Actuarial Balance sheet, the total actuarial accrued liability for all future benefits must be equal to the current and future assets.

**Unfunded Actuarial  
Accrued Liability/  
Surplus Funding  
(continued)**

The Actuarial Balance Sheet for each plan, as well as its UAAL, or Surplus Funding amount, is based on an estimated allocation of the total LACERA Valuation Assets, as disclosed in Exhibit 6. The allocation is based on the relative value of each plan's employer and member reserves as reported to us by LACERA. These allocations are shown for illustrative purposes only, as the UAAL contribution rates are assumed paid by the County based on the valuation results in aggregate.

**Funding Adequacy**

A key consideration in determining the adequacy of the funding of LACERA is how the UAAL is being funded. If the UAAL amount is positive, that is, the actuarial accrued liability to be funded is greater than the Valuation Assets, then the UAAL is amortized. Under the new Retirement Benefits Enhancement Agreement with the County, any positive amount as of June 30, 2002 through 2008 must be amortized over a rolling 30-year period.

If future experience is more favorable than expected based on the actuarial assumptions, then LACERA may move to a Surplus Funding position. Conversely, if experience is less favorable, a larger UAAL will develop.

**Funding Policy**

The 1994 Funding Agreement applied to valuations in 1994 through 1998. In 2000, an Interim Funding Policy was adopted as described more fully in Section 3, Assets, and has been applied since then. The current Retirement Benefits Enhancement Agreement applies to the 2002 – 2008 valuations. This valuation reflects the combined funding policy as directed by those agreements.

**Analysis of Change  
in Unfunded  
Actuarial Accrued  
Liability**

The UAAL, at any date after establishment of a system, is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience, as it develops, differs from that expected according to the assumptions used, so also will the emerging costs differ from the estimated costs.

The funded status of LACERA from 1996 to 2002 remained at approximately 100%. In the two years prior to this valuation, the funding level decreased significantly due to losses on the Valuation Assets reflected under the asset-smoothing method. This year the funding level increased somewhat due to the recognition of deferred gains under this same smoothing method.

**Analysis of Change  
in Unfunded  
Actuarial Accrued  
Liability  
(continued)**

The 2005 actuarial valuation reflects an actuarial experience gain of \$861 million for the fiscal year just ended. The gain was mainly due to a \$790 million gain on actuarial assets. The effect of the experience gains and losses on the UAAL or Surplus Funding is shown in Exhibit 7a. In addition to the investment return, some other factors which impacted the liabilities are:

- ✓ **Salary Increases** – Individual salaries increased at a rate less than the valuation assumption. This resulted in a gain.
- ✓ **Mortality Experience** – An actuarial loss due to mortality generally indicates that retired members are living longer than the current assumption would predict. This year, there was a small gain due to mortality.
- ✓ **Actual CPI versus Assumption** – The CPI used for retiree COLAs was greater than 3%. Thus, all members received increases in their benefits equal to the assumption (3.0% for Plan A, 2.0% for Plans B-D, pro-rated portion of 2.0% for Plan E), and there was no gain or loss due to CPI.
- ✓ **Transfers Between Plans D & E** – 395 members transferred from Plan E to Plan D during the past year. 126 members transferred from Plan D to Plan E. This resulted in a small increase in liabilities.
- ✓ **Other** – Examples of this are gains and losses from termination, service retirement, disability retirement, death, service purchases, reciprocity, and data revisions.

**Change in Unfunded  
Actuarial Accrued  
Liability - History**

Exhibit 7b shows the sources of change in the UAAL over the past five valuations. As is generally the case, the biggest source of change is a return on investments that is either greater than or less than the assumption, causing asset gains and losses.



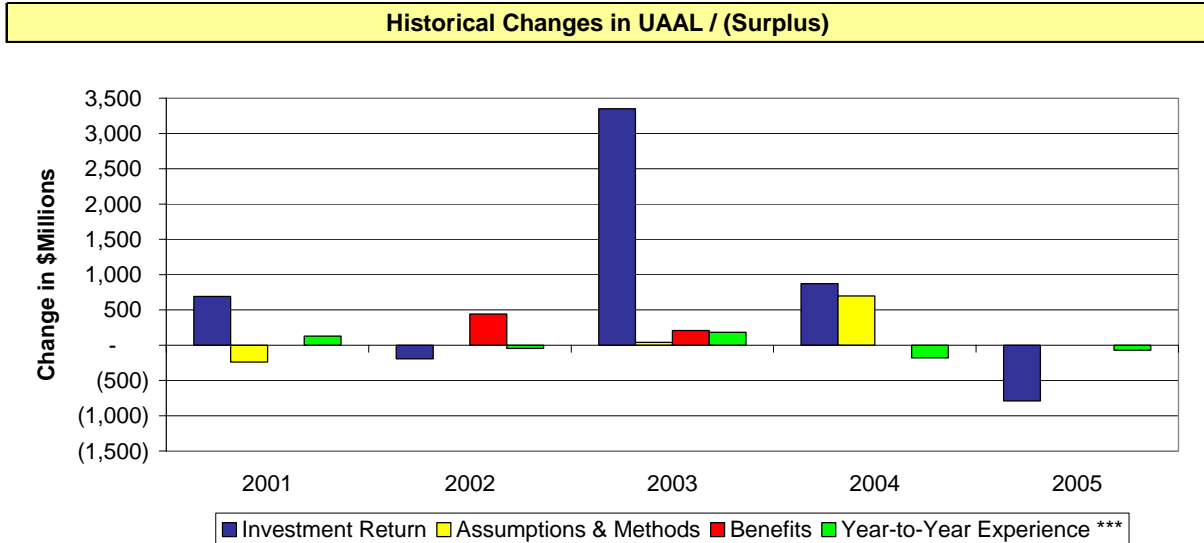
## Los Angeles County Employees Retirement Association

### Exhibit 7a: Analysis of Change in Unfunded Actuarial Accrued Liability (Dollars in millions)

	Amount	As a Percent of June 30, 2005 Actuarial Accrued Liability
<b>Unfunded Actuarial Accrued Liability - June 30, 2004</b>	<b>\$ 5,611</b>	16.3%
Increase in UAAL due to new assumptions	-	0.0%
Interest Accrued	435	1.3%
Benefits Accrued (Normal Cost)	769	2.2%
Contributions (with Assumed Interest)		
Employer - Cash	(548)	-1.6%
Employer - Contribution Credit	(231)	-0.7%
Member	(297)	-0.9%
Total	(1,076)	-3.1%
<b>Expected Unfunded Actuarial Acc. Liability - June 30, 2005</b>	<b>\$ 5,739</b>	16.7%
 Source of Change		
Asset (Gains) and Losses		
(Gain)/Loss due to investment income	(803)	-2.3%
(Gain)/Loss due to recognition of STAR reserves	13	0.0%
Total	(790)	-2.3%
Actuarial (Gains) and Losses		
Salary Increases	(115)	-0.3%
CPI Less than Expected	-	0.0%
Transfers Between Plan D & Plan E	13	0.0%
Mortality Experience	(1)	0.0%
All Other Experience	32	0.1%
Total	(71)	-0.2%
Change in Methodology	-	0.0%
<b>Total Changes</b>	<b>(861)</b>	-2.5%
<b>Unfunded Actuarial Accrued Liability - June 30, 2005</b>	<b>\$ 4,878</b>	14.2%

## Los Angeles County Employees Retirement Association

### Exhibit 7b: History of Changes in Unfunded Actuarial Accrued Liability (Dollars in millions)



	2001	2002	2003	2004	2005	2001-05
<b>Prior Valuation UAAL / (Surplus)</b>	<b>\$ (706)</b>	<b>\$ 0</b>	<b>\$ 175</b>	<b>\$ 3,910</b>	<b>\$ 5,611</b>	<b>\$ (706)</b>
Increase in UAAL due to:						
Expected Increase / (Decrease)	128	(26)	(45)	312	128	497
Asset (Gains) and Losses	690	(194)	3,351	871	(790)	3,928
Changes in Benefits*		441	207			648
Changes in Assumptions	(239)			697	-	458
Changes in Methods			40			40
Salary Increases	40	(20)	(66)	(270)	(115)	(431)
CPI Less than Expected		(39)		(31)	-	(70)
Transfers Between D & E	**	**	29	15	13	57
Mortality Experience	**	**	90	61	(1)	150
All Other Experience	87	13	129	46	32	307
<b>Total Increase / (Decrease)</b>	<b>706</b>	<b>175</b>	<b>3,735</b>	<b>1,701</b>	<b>(733)</b>	<b>5,584</b>
<b>Valuation UAAL / (Surplus)</b>	<b>\$ 0</b>	<b>\$ 175</b>	<b>\$ 3,910</b>	<b>\$ 5,611</b>	<b>\$ 4,878</b>	<b>\$ 4,878</b>

\* Benefit changes are as follows:

2001: STAR benefits are vested; however, a transfer is made from the STAR reserve which offsets the increased liabilities. Therefore no change is shown.

2002: MOU Benefits.

2003: Domestic partner benefits and estimated increase in benefits due to Ventura lawsuit.

\*\* Not separately measured in this year. Included with Other Experience

\*\*\* Year-to-Year Experience includes changes due to Salary, CPI, Transfers, Mortality and Other Experience.

## Los Angeles County Employees Retirement Association

### Section 5: Member Contributions

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#### Normal Contributions

Member contributions are of two types: Normal contributions and cost-of-living contributions.

Normal contributions for each plan are defined in the following sections of the County Employees' Retirement Law:

	General	Safety
Plan A	31621.3	31639.5
Plan B	31621.1	31639.25
Plans C and D	31621	N/A

There are no member contributions under Plan E.

Normal member contributions are determined using the Entry Age Normal Funding Method and the following actuarial assumptions:

1. Expected rate of return on assets
2. Individual salary increase rate (wage growth + merit)
3. Mortality for members on service retirement

As this is not a triennial valuation, no changes in the member rates are being recommended.

#### Cost-of-Living Contributions

The determination of the member cost-of-living contributions is based on Section 31873 of the County Employees' Retirement Law. This section requires that the cost of this benefit be shared equally between members and the County. Unlike the member normal contributions, these rates are based on the actuarial cost of the benefits, and reflect all assumptions used in the valuation of liabilities. As this is not a triennial valuation, we are not recommending a change in the member cost-of-living contribution rates. The cost-of-living contributions, expressed as a percentage of the normal rates, are based on the June 30, 2004 actuarial valuation and are as follows:

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General Plan A:	78.28%
General Plan B:	21.96%
General Plan C:	23.75%
General Plan D:	20.98%
Safety Plan A:	100.24%
Safety Plan B:	30.86%

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**Cost-of-Living  
Contributions  
(continued)**

The relative magnitude of these amounts reflects the differences in the normal contribution rates for each plan and the different cost-of-living benefits offered by the different plans.

A sample of the current member contribution rates (normal plus cost-of-living) can be found in Exhibit 8.

Full disclosure of the member rates, showing both the normal and the total (normal plus cost-of-living) contribution rates, can be found in Appendix D.

## Los Angeles County Employees Retirement Association

### Exhibit 8: Sample Member Contribution Rates

<b>Current Rates (Based on 2004 Triennial Valuation)</b>				
	<b>Entry Age</b>	<b>Normal</b>	<b>Cost of Living</b>	<b>Total as a % of Pay</b>
<b>General Members</b>				
<b>Plan A</b>	25	2.78%	2.18%	4.96%
	35	3.48%	2.72%	6.20%
	45	4.27%	3.34%	7.61%
	55	4.62%	3.62%	8.24%
<b>Plan B</b>	25	5.57%	1.22%	6.79%
	35	6.95%	1.53%	8.48%
	45	8.55%	1.88%	10.43%
	55	9.24%	2.03%	11.27%
<b>Plan C</b>	25	4.68%	1.11%	5.79%
	35	5.83%	1.38%	7.21%
	45	7.29%	1.73%	9.02%
	55	8.61%	2.04%	10.65%
<b>Plan D</b>	25	4.68%	0.98%	5.66%
	35	5.83%	1.22%	7.05%
	45	7.29%	1.53%	8.82%
	55	8.61%	1.81%	10.42%
<b>Safety Members</b>				
<b>Plan A</b>	25	3.89%	3.90%	7.79%
	35	4.86%	4.87%	9.73%
	45	5.74%	5.75%	11.49%
	55	5.78%	5.79%	11.57%
<b>Plan B</b>	25	7.78%	2.40%	10.18%
	35	9.72%	3.00%	12.72%
	45	11.48%	3.54%	15.02%
	55	11.56%	3.57%	15.13%

Note: A portion of some of the member contribution rates is paid for ("picked up") by the County and is not considered part of the member's contribution account for refund purposes. Such contributions are referred to as the surcharge amount and are subject to change each year. The rates shown in the table are prior to any surcharge payments.

## Los Angeles County Employees Retirement Association

### Section 6: County Contributions

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Contributions to LACERA are determined using the Entry Age Normal Cost Funding Method. The portion of the actuarial present value of retirement benefits allocated to a valuation year by the Actuarial Cost Method is called the Normal Cost. These amounts are usually expressed as a percentage of payroll and called the Normal Cost Contribution Rate. Exhibit 9 illustrates the Normal Cost Rates by type of benefit and for each plan based on this valuation. A comparison with last year is also shown.

During the fiscal year 1994-1995, a Retirement Association Funding Agreement was negotiated with the County. This agreement resulted in the issuance of approximately \$2 billion in Pension Obligation Bonds, the proceeds of which were used to fund the UAAL of the Association. The agreement also allowed that surplus earnings on Association assets for the period July 1, 1994 through June 30, 1998 would be split between the County (75%) and the STAR program (25%). Those excess earnings were used to create the County Contribution Credit Reserve, which can be used by the County to meet its required contribution requirement without adding in new cash deposits to the fund.

Under the 1994 Funding Agreement, the County's contribution rate is set equal to the County's portion of the Normal Cost contribution not payable by the member contributions and some payment towards the UAAL, but only under certain conditions. From 1995 to 2001, no UAAL contributions were required and the County contributed only their portion of the Normal Cost contribution. Under the new 2002 Retirement Benefits Enhancement Agreement, the County must pay the Normal Cost contribution adjusted for a portion of either a positive UAAL or a positive Surplus Funding.

The total calculated County contribution rates for each plan, along with a comparison to the prior year's computed rates, can be found in Exhibit 10. These results are expressed as a percentage of payroll and annual contribution dollars. Note that LACERA's UAAL contribution rate is not determined separately for each plan, but is funded evenly as a percentage of pay over salaries for all members. The total County contribution rate was 16.01% for the fiscal year beginning in 2005.

For the fiscal year beginning in 2006, the required rate decreased to 14.86%. This is equal to the aggregate calculated normal cost contribution rate, of 9.53% based on the 2005 valuation, plus a 30-year amortization payment of the UAAL.

**County Contributions  
(continued)**

**County Contribution Rate**  
(all values as a % of Payroll)

County Normal Cost	9.53%
30-year Amortization of UAAL	<u>5.33</u>
Total County Contribution	14.86%

The decrease in the total County contribution rate was primarily due to the investment gains which caused the decrease in the UAAL rate. The UAAL rate reflects a 30-year amortization from the valuation date and the one-year deferral in the implementation of the new County contribution rate effective July 1, 2006.

The change in the calculated normal cost contribution rates from year-to-year is generally due to two factors. These factors are listed in order of magnitude (i.e., experience had the greatest impact this year):

- (1) **Experience:** Normal experience from year-to-year, reflecting differences in both the weighting between membership groups and in their characteristics, as well as on what was assumed to occur during the past fiscal year and what actually occurred, particularly with respect to salary increases. Based on current plan provisions, the aggregate normal cost rate is expected to decrease as a greater number of members are covered by General Plans D and E and Safety B. Additionally, as members transfer between Plan D and Plan E, this will also have an impact.
  
- (2) **Contribution Shut-Off:** For general members hired prior to April 1973 and all Safety members, member contributions are not collected after the member has 30 years of service. Therefore, the member contributions towards the total annual normal cost is zero, resulting in a sizable increase in the County's share of the normal cost contributions for the years when the member has more than 30 years of service. The County's share of the normal cost rates for those groups can be expected to increase rather than remain level, as otherwise expected under the entry age cost method. As most general members hired prior to April 1973 have now attained 30 years of service, this statement applies mainly to Safety groups.

**Los Angeles County Employees  
Retirement Association**

**Exhibit 9: Calculated Normal Cost Contribution Rates – June 30, 2005**

A. Normal Cost Contribution Rate	General						Safety			Grand Total
	Plan A	Plan B	Plan C	Plan D	Plan E	Total	Plan A	Plan B	Total	
Service Retirement	14.77%	12.92%	11.79%	11.37%	7.36%	10.09%	11.80%	11.46%	11.48%	10.34%
Disability Retirement	1.05%	0.97%	0.96%	1.49%	0.00%	0.89%	12.60%	12.23%	12.26%	2.97%
Death	0.43%	0.41%	0.39%	0.57%	0.00%	0.34%	0.31%	0.29%	0.29%	0.33%
Termination (No Refund)	0.37%	0.25%	0.23%	0.64%	0.63%	0.61%	0.34%	0.38%	0.38%	0.57%
Refund of Member Contributions	0.11%	0.14%	0.12%	0.51%	0.00%	0.29%	0.19%	0.29%	0.28%	0.29%
<b>Total</b>	<b>16.73%</b>	<b>14.69%</b>	<b>13.49%</b>	<b>14.58%</b>	<b>7.99%</b>	<b>12.22%</b>	<b>25.24%</b>	<b>24.65%</b>	<b>24.69%</b>	<b>14.50%</b>
B. Member Contributions	(2.51)%	(6.71)%	(5.80)%	(6.75)%	0.00%	(3.91)%	(2.68)%	(10.24)%	(9.68)%	(4.97)%
C. Net County Normal Cost as of June 30, 2005 (A) - (B)	14.22%	7.98%	7.69%	7.83%	7.99%	8.31%	22.56%	14.41%	15.01%	9.53%
D. Net County Normal Cost as of June 30, 2004	14.39%	8.12%	7.75%	7.84%	7.92%	8.38%	21.64%	14.28%	15.00%	9.60%
E. Increase (Decrease) as a Percentage of Payroll (C) - (D)	(0.17)%	(0.14)%	(0.06)%	(0.01)%	0.07%	(0.07)%	0.92%	0.13%	0.01%	(0.07)%



## Los Angeles County Employees Retirement Association

### Exhibit 10: Total County Contributions

	General						Safety			All Plans
	Plan A	Plan B	Plan C	Plan D	Plan E	Total	Plan A	Plan B	Total	
<b>A. Normal Cost</b>										
1. Basic Benefits	9.43%	6.41%	6.28%	6.53%	6.73%	6.79%	15.10%	11.82%	12.05%	8.08%
2. Cost-of-Living Benefits	4.79%	1.57%	1.41%	1.30%	1.26%	1.52%	7.46%	2.59%	2.96%	1.45%
3. Total June 30, 2005	14.22%	7.98%	7.69%	7.83%	7.99%	8.31%	22.56%	14.41%	15.01%	9.53%
<b>B. UAAL Contribution Rate</b>	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%	5.33%
<b>C. Total June 30, 2005 Contribution Rate (A) + (B)</b>	<b>19.55%</b>	<b>13.31%</b>	<b>13.02%</b>	<b>13.16%</b>	<b>13.32%</b>	<b>13.64%</b>	<b>27.89%</b>	<b>19.74%</b>	<b>20.34%</b>	<b>14.86%</b>
<b>D. Total June 30, 2004 Contribution Rate</b>	20.80%	14.53%	14.16%	14.25%	14.33%	14.80%	28.05%	20.69%	21.43%	16.01%
<b>E. Estimated Payroll for fiscal year beginning July 1, 2006</b>	\$ 280	\$ 29	\$ 20	\$ 2,329	\$ 1,622	\$ 4,280	\$ 73	\$ 888	\$ 961	\$ 5,241
<b>F. Estimated Annual Contribution* (C x E)</b>	<b>\$ 55</b>	<b>\$ 4</b>	<b>\$ 3</b>	<b>\$ 306</b>	<b>\$ 216</b>	<b>\$ 584</b>	<b>\$ 20</b>	<b>\$ 175</b>	<b>\$ 195</b>	<b>\$ 779</b>
<b>G. Last Year's Estimated Annual Contribution</b>	\$ 68	\$ 4	\$ 3	\$ 314	\$ 230	\$ 620	\$ 27	\$ 175	\$ 202	\$ 822
<b>H. Increase / (Decrease) in Annual Contribution</b>	\$ (13)	\$ -	\$ -	\$ (8)	\$ (14)	\$ (36)	\$ (7)	\$ -	\$ (7)	\$ (43)

\* Based upon annualized salary rate as of June 30, 2005 increased by 3.75% wage inflation. Dollar figures are in millions.

## Los Angeles County Employees Retirement Association

### Section 7: Accounting Information

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For fiscal years beginning after June 15, 1996, revised GASB reporting standards are required for defined benefit pension plan reporting and disclosures (Statement No. 25). The System adopted the revised reporting standards beginning in 1996. The new reporting requirements for Statement No. 25 include certain supplementary information that must be added to the financial statements. These include:

- (1) A Schedule of Funding Progress
- (2) A Schedule of Employer Contributions

The Schedule of Funding Progress, Exhibit 11, compares actuarial assets and liabilities of the System, based on the actuarial funding method used. The required Schedule of Employer Contributions, Exhibit 12, compares the employer contributions required based on the actuarial valuation (the actuarial required contribution, or ARC) with the employer contributions actually made. The ARC must be calculated based on certain parameters required for disclosure purposes.

We believe the actuarial methods and assumptions used in this valuation to determine the employer's contribution for funding purposes satisfy the GASB reporting requirements.

For fiscal years beginning after June 15, 1997, GASB Statement No. 27 is required for pension accounting by state and local governmental employers.

The comparability of the data from year to year can be affected by changes in actuarial assumptions, benefit provisions, accounting policies, etc. For example, between June 30, 2000 and June 30, 2001, many actuarial assumptions were changed based on the 2001 triennial Investigation of Experience Study. Between the 2002 and 2003 valuations, benefits were enhanced under the MOU package. Assumptions were again changed in 2004 based on the triennial Investigation of Experience.

Exhibit 13 compares the Actuarial Value of Valuation Assets to the types of Actuarial Accrued Liabilities, applying them first to Active Member contributions, then to retirees and beneficiaries, and then the remaining amount to the Active Members benefits. This is referred to as the Solvency Test. Although not required under GASB, this test is part of the CAFR guidelines specified by the Government Finance Officers Association (GFOA).

**Los Angeles County Employees  
Retirement Association**

**Exhibit 11: Schedule of Funding Progress  
(All Dollars In Thousands)**

Actuarial Valuation Date	(a) Actuarial Value of Valuation Assets	(b) Actuarial Accrued Liabilities	(b-a) Unfunded Actuarial Accrued Liabilities (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll <sup>(1)</sup>	[(b-a)/c] UAAL as a Percentage of Covered Payroll
June 30, 1996	\$ 17,724,744	\$ 17,277,651	\$ (447,093)	102.6%	\$ 3,355,551	-13.3%
June 30, 1997	19,642,355	19,383,641	(258,714)	101.3%	3,373,314	-7.7%
June 30, 1998	20,851,133	20,959,946	108,813	99.5%	3,562,416	3.1%
June 30, 1999	23,536,116	22,784,706	(751,410)	103.3%	3,858,090	-19.5%
June 30, 2000	25,426,507	24,720,380	(706,127)	102.9%	4,107,964	-17.2%
June 30, 2001	26,490,000	26,489,976	(24)	100.0%	4,398,443	0.0%
June 30, 2002	28,262,129	28,437,493	175,364	99.4%	4,744,340	3.7%
June 30, 2003	26,564,328	30,474,025	3,909,697	87.2%	4,933,615	79.2%
June 30, 2004	27,089,440	32,700,505	5,611,065	82.8%	4,919,531	114.1%
June 30, 2005	29,497,485	34,375,949	4,878,464	85.8%	4,982,084	97.9%

(1) Covered Payroll includes compensation paid to all active employees on which contributions are calculated. Covered Payroll differs from the Active Member Valuation Payroll shown in Table C-1, which is an annualized compensation of only those members who were active on the actuarial valuation date. For years prior to 1999, Covered Payroll is estimated.

**Los Angeles County Employees  
Retirement Association**

**Exhibit 12: Schedule of Contributions from the Employer  
(All Dollars In Thousands)**

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Employer Contributions			Percentage of ARC Contributed
		Cash Payment	Transfer from Reserve Accounts	Total	
6/30/1996	\$287,548	\$132,452	\$146,309	\$278,761	97%
6/30/1997	277,929	1,168	277,151	278,319	100%
6/30/1998	243,489	9,420	239,777	249,197	102%
6/30/1999	317,285	84,226	248,403	332,629	105%
6/30/2000	342,060	130,319	211,832	342,151	100%
6/30/2001	390,679	193,650	197,029	390,679	100%
6/30/2002	414,708	258,884	155,824	414,708	100%
6/30/2003	518,922	324,709	194,213	518,922	100%
6/30/2004	521,978	395,062	126,916	521,978	100%
6/30/2005	750,352	527,810	222,542	750,352	100%

**Los Angeles County Employees  
Retirement Association**

**Exhibit 13: Solvency Test  
(Dollars In Millions)**

Actuarial Valuation Date	Actuarial Value of Valuation Assets	Actuarial Accrued Liabilities for			Portion of Actuarial Accrued Liabilities Covered by Assets		
		Active Member Contributions (A)	Retirees and Beneficiaries <sup>(1)</sup> (B)	Active Members (Employer Financed Portion) (C)	(A)	(B)	(C)
June 30, 1998	\$ 20,851	\$ 2,643	\$ 11,268	\$ 7,049	100%	100%	98%
June 30, 1999	23,536	2,710	11,863	8,211	100%	100%	109%
June 30, 2000	25,427	3,190	12,922	8,609	100%	100%	108%
June 30, 2001	26,490	3,320	14,368	8,802	100%	100%	100%
June 30, 2002	28,262	3,596	15,424	9,417	100%	100%	98%
June 30, 2003	26,564	3,790	16,844	9,840	100%	100%	60%
June 30, 2004	27,089	4,042	18,857	9,802	100%	100%	43%
June 30, 2005	29,497	4,308	20,238	9,829	100%	100%	50%

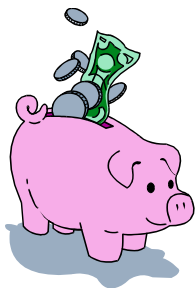
(1) Includes deferred vested members.

## Los Angeles County Employees Retirement Association

### Section 8: Supplemental Information

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#### Cash Flow Projection



Exhibits 14a and 14b are a chart and graph that illustrate both the cash flow history for the past 10 years and a projection on the valuation basis for the next 10 years.

Contributions include both employer and member contributions. The table shows that net cash flow has decreased over the last 10 years. It has leveled off somewhat for the past five years, but it is expected to begin to significantly decrease for the next 10 years. This is a typical pattern for a mature retirement system where it is expected that contributions will be less than benefits and that the system will begin drawing on the fund that has been built up over prior years. The projection shows that the negative projected cash flow is expected to more than double in size from 2006 to 2015.

Note that the actual cash contributions since 1996 do not reflect the transfers made between reserve funds, but only cash coming into the System. Starting in 2006, we assumed no further transfers, only full cash contributions. Thus, the actual contributions in 2005 are significantly less than those in the projections for 2006 and later.

The projected cash flows include contributions, statutory benefits and administrative expenses only. They are based on the actuarial assumptions as stated in Appendix A of this valuation report. The total County contribution rate is assumed to be 16.01% for the first year and 14.86% for the rest of the 10-year projection. The ultimate rate is equal to the required County normal cost rate plus a contribution to finance the UAAL, as calculated in the 2005 valuation. The aggregate Member rate is assumed to stay at the calculated rate for June 30, 2005 of 4.97% of payroll. Expenses are based on the expenses for the year ended June 30, 2005, increased annually with the actuarial inflation assumption of 3.5%.

Any increases or reductions in future contribution rates will increase or decrease the net cash flow. The projected cash flows do not include:

- Projected STAR benefits. STAR benefits that were vested as of January 2005 are included.
- Projected benefits payable under certain insurance contracts for a group of retired members. These payments are netted against the total expected retiree benefits.

**Los Angeles County Employees  
Retirement Association**

**Exhibit 14A: Cash Flow History and Projections – Dollars**

Plan Year Ending	<b>Cash Flow History</b>		
	Contributions	Benefits & Administrative Expenses <sup>(2)</sup>	Net Cash Flow
1996	\$ 316	\$ 857	\$ (541)
1997	172	910	(738)
1998	189	968	(779)
1999	288	1,024	(736)
2000	329	1,094	(765)
2001	410	1,187	(777)
2002	564	1,276	(712)
2003	559	1,379	(820)
2004	658	1,546	(888)
2005	814	1,665	(851)

Plan Year Ending	<b>Cash Flow Projections<sup>(1)</sup></b>		
	Contributions	Benefits & Administrative Expenses <sup>(2)</sup>	Net Cash Flow
2006	\$ 1,055	\$ 1,697	\$ (642)
2007	1,039	1,802	(763)
2008	1,078	1,921	(843)
2009	1,119	2,033	(915)
2010	1,161	2,151	(990)
2011	1,204	2,273	(1,069)
2012	1,249	2,401	(1,152)
2013	1,296	2,534	(1,238)
2014	1,345	2,672	(1,327)
2015	1,395	2,814	(1,419)

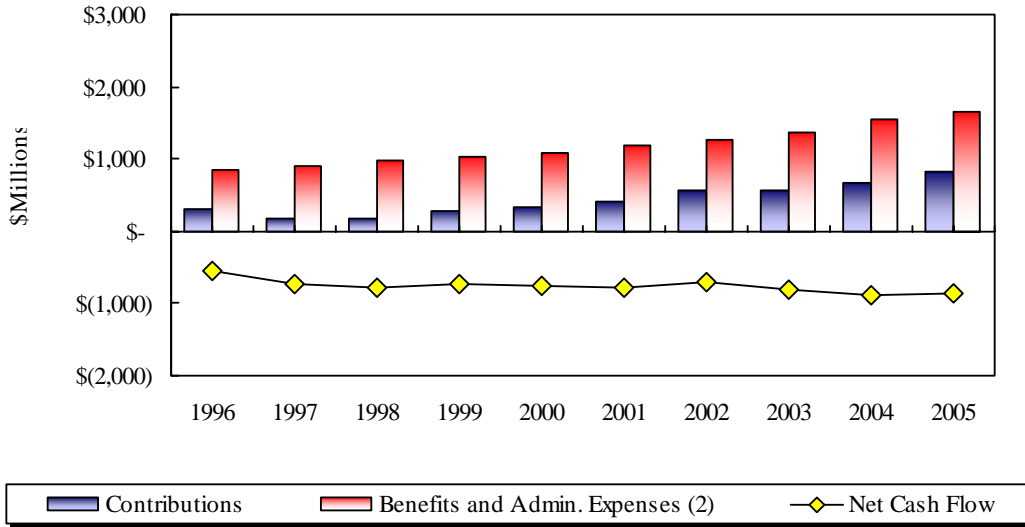
<sup>(1)</sup> Future contributions are assumed to be at the 9.53% normal cost rate plus a UAAL payment of 5.33% after the first year.

<sup>(2)</sup> Investment expenses are assumed to be covered by investment return.

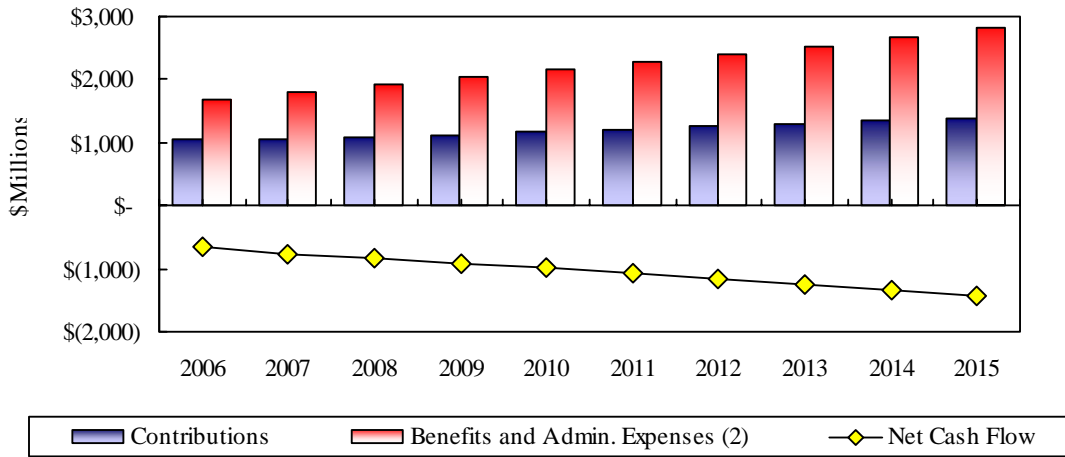
## Los Angeles County Employees Retirement Association

### Exhibit 14B: Cash Flow History and Projections - Charts

#### Cash Flow History



#### Cash Flow Projections<sup>(1)</sup>



<sup>(1)</sup> Future contributions are assumed to be at the 9.53% normal cost rate plus a UAAL payment of 5.33% after the first year.

<sup>(2)</sup> Investment expenses are assumed to be covered by investment return.



## Los Angeles County Employees Retirement Association

### Appendix A: Actuarial Procedures and Assumptions

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The actuarial procedures and assumptions used in this valuation are described in this section. The assumptions were reviewed and changed June 30, 2004 as a result of the 2004 triennial Investigation of Experience Study.

The actuarial assumptions used in the valuations are intended to estimate the future experience of the members of LACERA and of LACERA itself in areas that affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated costs of LACERA's benefits.

Table A-1 summarizes the assumptions. The mortality rates are taken from the sources listed.

Tables A-2 and A-3 show how members are expected to leave retired status due to death.

Table A-4 presents the probability of refund of contributions upon termination of employment while vested.

Table A-5 presents the expected annual percentage increase in salaries.

Tables A-6 to A-13 were developed from the experience as measured by the 2004 Investigation of Experience Study. The rates are the probabilities a member will leave the system for various reasons.

**Actuarial Cost Method**

The actuarial valuation is prepared using the entry age actuarial cost method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age).

For members who transferred between plans, entry age is based on original entry into the system.

The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets, and (b) the actuarial present value of future normal costs is called the Unfunded Actuarial Accrued Liability (UAAL). The UAAL (or Surplus Funding) is amortized as a level percentage of the projected salaries of present and future members of LACERA over a 30-year period from the valuation date, this is commonly referred to as a "rolling 30 year amortization method".

**Records and Data**

The data used in this valuation consist of financial information and the age, service, and income records for active and inactive members and their survivors. All of the data were supplied by LACERA and are accepted for valuation purposes without audit.

**Replacement of Terminated Members**

The ages and relative salaries at entry of future members are assumed to follow a new entrant distribution based on the pattern of current members. Under this assumption, the normal cost rates for active members will remain fairly stable in future years unless there are changes in the governing law, the actuarial assumptions or the pattern of the new entrants.

**Growth in Membership**

For benefit determination purposes, no growth in the membership of LACERA is assumed. For funding purposes, if amortization is required, the total payroll of covered members is assumed to grow due to the combined effects of future wage increases of current active members and the replacement of the current active members by new employees. No growth in the total number of active members is assumed.

**Internal Revenue Code Section 415 Limit**

The Internal Revenue Code Section 415 maximum benefit limitations are not reflected in the valuation for funding purposes. Any limitation is reflected in a member's benefit after retirement.

**County  
Contributions**

The County contribution rate is set by the Retirement Board based on actuarial valuations.

**Member  
Contributions**

The member contribution rates vary by entry age and are described in the law. Code references are shown in Appendix B of the valuation report. The methods and assumptions used are detailed later in this section.

The individual member rates by entry age, plan and class are illustrated in Appendix D of the valuation report.

**Valuation of Assets**

The assets are valued using a three-year smoothed method based on the difference between the expected market value and the actual market value of the assets as of the valuation date. The expected market value is the prior year's market value increased with the net increase in the cash flow of funds, all increased with interest during the past fiscal year at the expected investment return rate assumption. The expected market-value, with three-year smoothing valuation basis for all assets was adopted effective June 30, 2000.

**Investment  
Earnings and  
Expenses**

The future investment earnings of the assets of LACERA are assumed to accrue at an annual rate of 7.75% compounded annually, net of both investment and administrative expenses. This rate was adopted June 30, 2004.

**Post-retirement  
Benefit Increases**

Post-retirement increases are assumed for the valuation in accordance with the benefits provided as described in Appendix B. These adjustments are assumed payable each year in the future as they are less than the expected increase in the Consumer Price Index of 3.5% per year. This rate was adopted June 30, 2004.

**Interest on Member  
Contributions**

The annual credited interest rate on member contributions is assumed to be 7.75% compounded semi-annually for an annualized rate of 7.90%. This rate was adopted June 30, 2004.

**Future Salaries**

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-5. In addition to increases in salary due to promotions and longevity, this scale includes an assumed 3.75% per annum rate of increase in the general wage level of the membership. These rates were adopted June 30, 2004.

Effective June 30, 2000, increases are assumed to occur mid-year (i.e., January 1) and only apply to base salary, excluding megaflex compensation. The mid-year timing reflects that salary increases occur throughout the year, or on average mid-year.

**Future Salaries  
(Continued)**

For plans with a one-year final average compensation period, actual average annual compensation is used. For Plan E, the monthly rate as of June of the valuation year was annualized. Due to irregular compensation payments now included as pensionable earnings, actual annual pay is preferred over annualizing a single monthly payment amount.

**Social Security  
Wage Base**

Plan E members have their benefits offset by an assumed Social Security Benefit. For valuation funding purposes, we need to project the Social Security Benefit. We assume the current Social Security provisions will continue and the annual Wage Base will increase at the rate of 3.75% per year. Note, statutory provisions describe exactly how to compute the offset for purposes of determining a member's offset amount at time of termination or retirement. This rate was adopted June 30, 2004.

Note that it is assumed all Plan E members born after 1950 have less than 10 years of Social Security-covered service and, therefore, do not have their benefit offset.

**Retirement**

After members attain age 50 (55 for Plan E members) and have ten years of service, they may retire with a benefit commencing immediately. All members, except Plan E members, may also retire regardless of age after 20 years of service for safety members and after 30 years of service for general members. The retirement rates vary by age and are shown by plan in Tables A-6 through A-13.

All general members who attain or who have attained age 75 in active service and all safety members who have attained age 60 in active service are assumed to retire immediately.

All deferred vested members are assumed to retire at the later of age 50 and earliest eligibility, except for Plan E who are assumed to retire at 65.

The assumptions regarding termination of employment, early retirement, and unreduced service retirement are treated as a single set of decrements in regards to a particular member. For example, a general member hired at age 30 has a probability to withdraw from LACERA due to death, disability or *other termination of employment* until age 50. After age 50, the member could still withdraw due to death, disability or *retirement*. Thus, in no year during the member's projected employment would they be eligible for both a probability of other termination of employment and a probability of retirement.

The retirement probabilities were adopted June 30, 2004.

<b>Disablement</b>	The rates of disablement used in the valuation are also illustrated in Tables A-6 through A-13. These rates were adopted June 30, 2004.
<b>Mortality – Other Than Disabled Members</b>	The same post-retirement mortality rates are used in the valuation for active members, members retired for service, and beneficiaries. These rates are illustrated in Table A-2. Beneficiary mortality is assumed to be the same assumption as healthy members. Beneficiaries are assumed to be of the opposite sex, and have the same mortality as General members. These rates were adopted June 30, 2004.
	<p><i>Males</i>                      General members: RP-2000 Combined Mortality Table for Males, with ages set back two years.</p> <p>                                    Safety members: RP-2000 Combined Mortality Table for Males, with ages set back three years.</p>
	<p><i>Females</i>                    General members: RP-2000 Combined Mortality Table for Females, with ages set back two years.</p> <p>                                    Safety members: RP-2000 Combined Mortality Table for Females, with ages set back two years.</p>
<b>Mortality – Disabled Members</b>	For disabled members, the mortality rates used in the valuation rates are illustrated in Table A-3. These rates were adopted June 30, 2001.
	<p><i>Males</i>                      General members: RP-2000 Combined Mortality Table for Males, with ages set forward three years.</p> <p>                                    Safety members: RP-2000 Combined Mortality Table for Males, with no age adjustment.</p>
	<p><i>Females</i>                    General members: RP-2000 Combined Mortality Table for Females with ages set forward one year.</p> <p>                                    Safety members: RP-2000 Combined Mortality Table for Females with ages set forward three years.</p>

**Other Employment  
Terminations**

Tables A-6 to A-13 show, for all ages, the rates assumed in this valuation for future termination from active service other than for death, disability or retirement. These rates do not apply to members eligible for service retirement. These rates were adopted June 30, 2004.

Terminating employees may withdraw their contributions immediately upon termination of employment and forfeit the right to further benefits, or they may leave their contributions with LACERA. Former contributing members whose contributions are on deposit may later elect to receive a refund, may return to work or may remain inactive until becoming eligible to receive a retirement benefit under either LACERA or a reciprocal retirement system. All terminating members who are not eligible for vested benefits are assumed to withdraw their contributions immediately.

All terminating members are assumed to not be rehired. Table A-4 gives the assumed probabilities that vested members will withdraw their contributions and elect a refund immediately upon termination and the probability the remaining members will elect a deferred vested benefit. All non-vested members are assumed to elect a refund and withdraw their contributions. These rates were adopted June 30, 2004.

**Probability of Eligible  
Survivors**

For members not currently in pay status, 82% of all males and 65% of all females are assumed to have eligible survivors (spouses or qualified domestic partners). Survivors are assumed to be four years younger than male members and four years older than female members. Survivors are assumed to be of the opposite sex as the member. There is no explicit assumption for children's benefits. We believe the survivor benefits based on this assumption are sufficient to cover children's benefits as they occur.

**Valuation of Vested  
Terminated Members**

Complete Final Compensation data is not available to estimate the amount of vested benefit for these members. For valuation purposes, we assume the value of their deferred benefit is equal to three times their accumulated normal contributions plus one times their accumulated COLA contributions as of the valuation date.

Since Plan E is non-contributory, the value of the deferred benefit cannot be estimated under this method. Therefore, for Plan E members who are missing compensation data, Final Compensation is estimated as the average amount for all Plan E members who terminated during the same year and had a valid compensation amount. The retirement benefit is then calculated. The value of the deferred benefit is the value of this benefit deferred to age 65.

**Valuation of Annuity Purchases**

Over 20 years ago, LACERA purchased single life annuities from two insurance companies for some retired members (currently less than 5% of the retired population). The total liability for these members is calculated and then offset by the expected value of the benefit to be paid by the insurance companies.

For affected members, the insurance companies are responsible for:

- (1) Straight life annuity payments
- (2) Statutory COLAs

LACERA is responsible for:

- (1) Benefit payments payable to any beneficiary
- (2) STAR COLAs

**Member Contribution Rate Assumptions**

The following assumptions summarize the procedures used to compute member contribution rates based on entry age:

In general, the member rate is determined by the present value of the future benefit (PVFB) payable at retirement age, divided by the present value of all future salaries payable between age at entry and retirement age. For these purposes, per the CERL, the:

- A. Annuity factor used for general members is based on a 40% / 60% blend of the male and female annuity factors using current valuation assumptions. For Safety members it is based on a 90% / 10% blend of the male and female annuity factors using current valuation assumptions.
- B. The annuity factor used in determining the present value of future benefits (PVFB) at entry age is equal to the life only annuity factor at 7.75%.
- C. The Final Compensation is based on the salary paid in the year prior to attaining the retirement age.

Example: For a Plan C Member who enters at age 59 or earlier, the Final Compensation at retirement (age 60) will be the monthly average of the annual salaries during age 59.

- D. Member Rates are assumed to increase with entry age. There are a few exceptions at the higher entry ages where the calculated rate is less than the previous entry age (for example, age 53 for General A). In these cases the member contribution rate is adjusted so that it is no less than the value for the previous entry age.

## Los Angeles County Employees Retirement Association

**Table A-1: Summary of Valuation Assumptions as of June 30, 2005**

I.	Economic assumptions	
	A. General wage increases	3.75%
	B. Investment earnings	7.75%
	C. Growth in membership	0.00%
	D. Post-retirement benefit increases (varies by plan)	Plan COLA not greater than CPI assumption.
	E. CPI inflation assumption	3.50%
II.	Demographic assumptions	
	A. Salary increases due to service	Table A-5
	B. Retirement	Tables A-6 to A-13
	C. Disablement	Tables A-6 to A-13
	D. Mortality for active members after termination and service retired members.	Table A-2
	Basis – RP-2000 Combined Mortality Table for respective sexes for general members, as adjusted:	
	<u>Class of Members</u>	<u>Age Adjustment</u>
	General – males	-2 years
	General – females	-2 years
	Safety – males	-3 years
	Safety – females	-2 years
	E. Mortality among disabled members	Table A-3
	Basis – RP-2000 Combined Mortality Table, as adjusted:	
	General – males	+3 years
	General – females	+1 year
	Safety – males	0 years
	Safety – females	+3 years
	F. Mortality for beneficiaries.	Table A-2
	Basis – Beneficiaries are assumed to have the same mortality as a general member of the opposite sex who has taken a service retirement.	
	G. Other terminations of employment	Tables A-6 to A-13
	H. Refund of contributions on vested termination	Table A-4



## Los Angeles County Employees Retirement Association

**Table A-2: Mortality for Members Retired for Service**

Age	Safety Male	Safety Female	General Male	General Female
20	0.030%	0.019%	0.032%	0.019%
25	0.037%	0.020%	0.037%	0.020%
30	0.038%	0.023%	0.039%	0.023%
35	0.056%	0.039%	0.063%	0.039%
40	0.090%	0.060%	0.096%	0.060%
45	0.122%	0.094%	0.130%	0.094%
50	0.173%	0.143%	0.186%	0.143%
55	0.267%	0.221%	0.292%	0.221%
60	0.469%	0.392%	0.527%	0.392%
65	0.876%	0.765%	1.001%	0.765%
70	1.608%	1.345%	1.787%	1.345%
75	2.728%	2.297%	3.039%	2.297%
80	4.691%	3.760%	5.212%	3.760%
85	8.049%	6.251%	8.972%	6.251%
90	13.604%	10.730%	15.059%	10.730%

**Los Angeles County Employees  
Retirement Association**

**Table A-3: Mortality for Members Retired for Disability**

<b>Age</b>	<b>Safety Male</b>	<b>Safety Female</b>	<b>General Male</b>	<b>General Female</b>
20	0.035%	0.020%	0.037%	0.019%
25	0.038%	0.023%	0.039%	0.021%
30	0.044%	0.039%	0.063%	0.031%
35	0.077%	0.060%	0.096%	0.051%
40	0.108%	0.094%	0.130%	0.077%
45	0.151%	0.143%	0.186%	0.122%
50	0.214%	0.221%	0.292%	0.185%
55	0.362%	0.392%	0.527%	0.309%
60	0.675%	0.765%	1.001%	0.581%
65	1.274%	1.345%	1.787%	1.095%
70	2.221%	2.297%	3.039%	1.858%
75	3.783%	3.760%	5.212%	3.097%
80	6.437%	6.251%	8.972%	5.078%
85	11.076%	10.730%	15.059%	8.638%
90	18.341%	17.043%	23.366%	14.460%

## Los Angeles County Employees Retirement Association

**Table A-4: Immediate Refund of Contributions Upon Termination of Employment  
(Excludes Plan E)**

Years of Service	Safety	General
0	100%	100%
1	100%	100%
2	100%	100%
3	100%	100%
4	100%	100%
5	35%	45%
6	35%	45%
7	35%	45%
8	33%	44%
9	31%	43%
10	29%	42%
11	27%	41%
12	25%	40%
13	20%	39%
14	15%	38%
15	10%	37%
16	5%	36%
17	0%	35%
18	0%	34%
19	0%	33%
20	0%	32%
21	0%	31%
22	0%	30%
23	0%	24%
24	0%	18%
25	0%	12%
26	0%	6%
27	0%	0%
28	0%	0%
29	0%	0%
30 & Up	0%	0%

**Los Angeles County Employees  
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**Table A-5: Annual Increase in Salary\***

<u>Years of Service</u>	<u>Due to Promotion and Longevity</u>	<u>Total Annual Increase*</u>
<1	6.00%	9.98%
1	5.25%	9.20%
2	4.50%	8.42%
3	3.75%	7.64%
4	3.00%	6.86%
5	2.50%	6.34%
6	2.00%	5.83%
7	1.75%	5.57%
8	1.50%	5.31%
9	1.30%	5.10%
10	1.15%	4.94%
11	1.00%	4.79%
12	0.85%	4.63%
13	0.70%	4.48%
14	0.60%	4.37%
15	0.50%	4.27%
16	0.40%	4.17%
17	0.35%	4.11%
18	0.30%	4.06%
19	0.25%	4.01%
20 or More	0.25%	4.01%

\* The total expected increase in salary is the increase due to promotions and longevity, adjusted for an assumed 3.75% per annum increase in the general wage level of the membership. The total result is compounded rather than additive.

## Los Angeles County Employees Retirement Association

### Appendix A: Rates of Separation From Active Service Tables A-6 to A-13

A schedule of the probabilities of termination of employment due to the following causes can be found on the following pages:

Service Retirement:	Member retires after meeting age and service requirements for reasons other than disability.
Withdrawal:	Member terminates and elects a refund of member contributions, or a deferred vested retirement benefit.
Service Disability:	Member receives disability retirement; disability is service related.
Ordinary Disability:	Member receives disability retirement; disability is not service related.
Service Death:	Member dies before retirement; death is service related.
Ordinary Death:	Member dies before retirement; death is not service related.

Each rate represents the probability that a member will separate from service at each age due to the particular cause. For example, a rate of 0.0300 for a member's service retirement at age 50 means we assume that 30 out of 1,000 members who are age 50 will retire at that age.

Each table represents the detailed rates needed for each LACERA plan by sex:

Table A-6: General Plan A, B & C Males	A-10: General Plan E Males
A-7: General Plan A, B & C Females	A-11: General Plan E Females
A-8: General Plan D Males	A-12: Safety Plan A & B Males
A-9: General Plan D Females	A-13: Safety Plan A & B Females

## Los Angeles County Employees Retirement Association

**Table A-6: Rate of Separation From Active Service For General Members  
Plans A, B & C - Male**

Age	Service Retirement	Other Terminations	Service Disability	Ordinary Disability	Service Death	Ordinary Death
18	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
19	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
20	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
21	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
22	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
23	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
24	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
25	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
26	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
27	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
28	0.0000	0.0050	0.0002	0.0001	N/A	0.0004
29	0.0000	0.0050	0.0002	0.0001	N/A	0.0005
30	0.0000	0.0050	0.0002	0.0001	N/A	0.0006
31	0.0000	0.0050	0.0002	0.0001	N/A	0.0006
32	0.0000	0.0050	0.0002	0.0001	N/A	0.0007
33	0.0000	0.0050	0.0003	0.0001	N/A	0.0008
34	0.0000	0.0050	0.0003	0.0001	N/A	0.0008
35	0.0000	0.0050	0.0004	0.0001	N/A	0.0009
36	0.0000	0.0050	0.0004	0.0002	N/A	0.0010
37	0.0000	0.0050	0.0005	0.0001	N/A	0.0010
38	0.0000	0.0050	0.0006	0.0002	N/A	0.0011
39	0.0000	0.0050	0.0006	0.0002	N/A	0.0011
40	0.0300	0.0050	0.0006	0.0002	N/A	0.0012
41	0.0300	0.0050	0.0007	0.0003	N/A	0.0013
42	0.0300	0.0050	0.0008	0.0003	N/A	0.0014
43	0.0300	0.0050	0.0009	0.0003	N/A	0.0015
44	0.0300	0.0050	0.0010	0.0004	N/A	0.0016
45	0.0300	0.0050	0.0011	0.0004	N/A	0.0017
46	0.0300	0.0050	0.0012	0.0005	N/A	0.0019
47	0.0300	0.0050	0.0013	0.0005	N/A	0.0020
48	0.0300	0.0050	0.0014	0.0005	N/A	0.0021
49	0.0300	0.0050	0.0016	0.0006	N/A	0.0023
50	0.0300	0.0050	0.0017	0.0006	N/A	0.0024
51	0.0300	0.0050	0.0018	0.0007	N/A	0.0026
52	0.0300	0.0050	0.0020	0.0008	N/A	0.0028
53	0.0300	0.0050	0.0022	0.0008	N/A	0.0030
54	0.0450	0.0050	0.0025	0.0009	N/A	0.0033
55	0.0700	0.0050	0.0027	0.0010	N/A	0.0036
56	0.1000	0.0050	0.0030	0.0011	N/A	0.0040
57	0.1200	0.0050	0.0032	0.0012	N/A	0.0044
58	0.1500	0.0050	0.0036	0.0013	N/A	0.0049
59	0.1800	0.0050	0.0040	0.0015	N/A	0.0054
60	0.2400	0.0050	0.0044	0.0016	N/A	0.0059
61	0.2400	0.0050	0.0048	0.0018	N/A	0.0065
62	0.3500	0.0050	0.0052	0.0019	N/A	0.0070
63	0.2100	0.0050	0.0052	0.0024	N/A	0.0076
64	0.2800	0.0050	0.0052	0.0029	N/A	0.0081
65	0.3500	0.0050	0.0052	0.0034	N/A	0.0086
66	0.2500	0.0050	0.0052	0.0039	N/A	0.0091
67	0.2500	0.0050	0.0052	0.0044	N/A	0.0095
68	0.2500	0.0050	0.0052	0.0049	N/A	0.0099
69	0.2500	0.0050	0.0052	0.0054	N/A	0.0104
70	0.2500	0.0050	0.0052	0.0059	N/A	0.0112
71	0.2500	0.0050	0.0052	0.0064	N/A	0.0123
72	0.2500	0.0050	0.0052	0.0069	N/A	0.0137
73	0.2500	0.0050	0.0052	0.0074	N/A	0.0151
74	0.2500	0.0050	0.0052	0.0079	N/A	0.0169
75	1.0000	0.0000	0.0000	0.0000	N/A	0.0000

## Los Angeles County Employees Retirement Association

**Table A-7: Rate of Separation From Active Service For General Members  
Plans A, B & C - Female**

Age	Service Retirement	Other Terminations	Service Disability	Ordinary Disability	Service Death	Ordinary Death
18	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
19	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
20	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
21	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
22	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
23	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
24	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
25	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
26	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
27	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
28	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
29	0.0000	0.0050	0.0002	0.0001	N/A	0.0002
30	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
31	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
32	0.0000	0.0050	0.0002	0.0001	N/A	0.0003
33	0.0000	0.0050	0.0003	0.0001	N/A	0.0004
34	0.0000	0.0050	0.0003	0.0001	N/A	0.0004
35	0.0000	0.0050	0.0004	0.0001	N/A	0.0005
36	0.0000	0.0050	0.0004	0.0002	N/A	0.0005
37	0.0000	0.0050	0.0005	0.0001	N/A	0.0006
38	0.0000	0.0050	0.0006	0.0002	N/A	0.0006
39	0.0000	0.0050	0.0006	0.0002	N/A	0.0006
40	0.0300	0.0050	0.0006	0.0002	N/A	0.0007
41	0.0300	0.0050	0.0007	0.0003	N/A	0.0008
42	0.0300	0.0050	0.0008	0.0003	N/A	0.0009
43	0.0300	0.0050	0.0009	0.0003	N/A	0.0009
44	0.0300	0.0050	0.0010	0.0004	N/A	0.0010
45	0.0300	0.0050	0.0011	0.0004	N/A	0.0011
46	0.0300	0.0050	0.0012	0.0005	N/A	0.0012
47	0.0300	0.0050	0.0013	0.0005	N/A	0.0013
48	0.0300	0.0050	0.0014	0.0006	N/A	0.0014
49	0.0300	0.0050	0.0014	0.0006	N/A	0.0016
50	0.0300	0.0050	0.0016	0.0006	N/A	0.0017
51	0.0300	0.0050	0.0017	0.0007	N/A	0.0018
52	0.0300	0.0050	0.0018	0.0008	N/A	0.0020
53	0.0400	0.0050	0.0019	0.0009	N/A	0.0021
54	0.0700	0.0050	0.0020	0.0010	N/A	0.0023
55	0.0900	0.0050	0.0022	0.0011	N/A	0.0025
56	0.1000	0.0050	0.0022	0.0011	N/A	0.0028
57	0.1200	0.0050	0.0024	0.0012	N/A	0.0030
58	0.1500	0.0050	0.0027	0.0014	N/A	0.0033
59	0.1800	0.0050	0.0030	0.0015	N/A	0.0036
60	0.2000	0.0050	0.0034	0.0017	N/A	0.0039
61	0.2000	0.0050	0.0037	0.0019	N/A	0.0043
62	0.2800	0.0050	0.0040	0.0020	N/A	0.0047
63	0.2200	0.0050	0.0043	0.0022	N/A	0.0050
64	0.2200	0.0050	0.0047	0.0024	N/A	0.0054
65	0.3000	0.0050	0.0051	0.0026	N/A	0.0058
66	0.2400	0.0050	0.0056	0.0028	N/A	0.0062
67	0.2400	0.0050	0.0061	0.0030	N/A	0.0066
68	0.2400	0.0050	0.0066	0.0032	N/A	0.0069
69	0.2400	0.0050	0.0072	0.0034	N/A	0.0073
70	0.2400	0.0050	0.0072	0.0036	N/A	0.0076
71	0.2400	0.0050	0.0072	0.0038	N/A	0.0079
72	0.2400	0.0050	0.0072	0.0040	N/A	0.0085
73	0.2400	0.0050	0.0072	0.0042	N/A	0.0093
74	0.2400	0.0050	0.0072	0.0044	N/A	0.0103
75	1.0000	0.0000	0.0000	0.0000	N/A	0.0000

## Los Angeles County Employees Retirement Association

**Table A-8: Rate of Separation From Active Service For General Members  
Plan D - Male**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0002	0.0001	N/A	0.0003	0	0.0700
19	0.0000	0.0002	0.0001	N/A	0.0004	1	0.0550
20	0.0000	0.0002	0.0001	N/A	0.0004	2	0.0425
21	0.0000	0.0002	0.0001	N/A	0.0004	3	0.0350
22	0.0000	0.0002	0.0001	N/A	0.0004	4	0.0300
23	0.0000	0.0002	0.0001	N/A	0.0004	5	0.0283
24	0.0000	0.0002	0.0001	N/A	0.0004	6	0.0267
25	0.0000	0.0002	0.0001	N/A	0.0004	7	0.0250
26	0.0000	0.0002	0.0001	N/A	0.0004	8	0.0240
27	0.0000	0.0002	0.0001	N/A	0.0004	9	0.0230
28	0.0000	0.0002	0.0001	N/A	0.0004	10	0.0220
29	0.0000	0.0002	0.0001	N/A	0.0005	11	0.0210
30	0.0000	0.0002	0.0001	N/A	0.0006	12	0.0200
31	0.0000	0.0002	0.0001	N/A	0.0006	13	0.0190
32	0.0000	0.0002	0.0001	N/A	0.0007	14	0.0180
33	0.0000	0.0003	0.0001	N/A	0.0008	15	0.0170
34	0.0000	0.0003	0.0001	N/A	0.0008	16	0.0160
35	0.0000	0.0004	0.0001	N/A	0.0009	17	0.0150
36	0.0000	0.0004	0.0002	N/A	0.0010	18	0.0144
37	0.0000	0.0005	0.0001	N/A	0.0010	19	0.0138
38	0.0000	0.0006	0.0002	N/A	0.0011	20	0.0132
39	0.0000	0.0006	0.0002	N/A	0.0011	21	0.0126
40	0.0200	0.0006	0.0002	N/A	0.0012	22	0.0120
41	0.0200	0.0007	0.0003	N/A	0.0013	23	0.0116
42	0.0200	0.0008	0.0003	N/A	0.0014	24	0.0112
43	0.0200	0.0009	0.0003	N/A	0.0015	25	0.0108
44	0.0200	0.0010	0.0004	N/A	0.0016	26	0.0104
45	0.0200	0.0011	0.0004	N/A	0.0017	27	0.0100
46	0.0200	0.0012	0.0005	N/A	0.0019	28	0.0100
47	0.0200	0.0013	0.0005	N/A	0.0020	29	0.0100
48	0.0200	0.0014	0.0005	N/A	0.0021	30 & Above	0.0000
49	0.0200	0.0016	0.0006	N/A	0.0023		
50	0.0200	0.0017	0.0006	N/A	0.0024		
51	0.0200	0.0018	0.0007	N/A	0.0026		
52	0.0200	0.0020	0.0008	N/A	0.0028		
53	0.0200	0.0022	0.0008	N/A	0.0030		
54	0.0200	0.0025	0.0009	N/A	0.0033		
55	0.0300	0.0027	0.0010	N/A	0.0036		
56	0.0300	0.0030	0.0011	N/A	0.0040		
57	0.0300	0.0032	0.0012	N/A	0.0044		
58	0.0300	0.0036	0.0013	N/A	0.0049		
59	0.0400	0.0040	0.0015	N/A	0.0054		
60	0.0500	0.0044	0.0016	N/A	0.0059		
61	0.0500	0.0048	0.0018	N/A	0.0065		
62	0.1000	0.0052	0.0019	N/A	0.0070		
63	0.0800	0.0052	0.0024	N/A	0.0076		
64	0.1000	0.0052	0.0029	N/A	0.0081		
65	0.2000	0.0052	0.0034	N/A	0.0086		
66	0.1500	0.0052	0.0039	N/A	0.0091		
67	0.1500	0.0052	0.0044	N/A	0.0095		
68	0.1500	0.0052	0.0049	N/A	0.0099		
69	0.1500	0.0052	0.0054	N/A	0.0104		
70	0.2000	0.0052	0.0059	N/A	0.0112		
71	0.2000	0.0052	0.0064	N/A	0.0123		
72	0.2000	0.0052	0.0069	N/A	0.0137		
73	0.2000	0.0052	0.0074	N/A	0.0151		
74	0.2000	0.0052	0.0079	N/A	0.0169		
75	1.0000	0.0000	0.0000	N/A	0.0000		



## Los Angeles County Employees Retirement Association

**Table A-9: Rate of Separation From Active Service For General Members  
Plan D - Female**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0002	0.0001	N/A	0.0002	0	0.0700
19	0.0000	0.0002	0.0001	N/A	0.0002	1	0.0550
20	0.0000	0.0002	0.0001	N/A	0.0002	2	0.0425
21	0.0000	0.0002	0.0001	N/A	0.0002	3	0.0350
22	0.0000	0.0002	0.0001	N/A	0.0002	4	0.0300
23	0.0000	0.0002	0.0001	N/A	0.0002	5	0.0283
24	0.0000	0.0002	0.0001	N/A	0.0002	6	0.0267
25	0.0000	0.0002	0.0001	N/A	0.0002	7	0.0250
26	0.0000	0.0002	0.0001	N/A	0.0002	8	0.0240
27	0.0000	0.0002	0.0001	N/A	0.0002	9	0.0230
28	0.0000	0.0002	0.0001	N/A	0.0002	10	0.0220
29	0.0000	0.0002	0.0001	N/A	0.0002	11	0.0210
30	0.0000	0.0002	0.0001	N/A	0.0003	12	0.0200
31	0.0000	0.0002	0.0001	N/A	0.0003	13	0.0190
32	0.0000	0.0002	0.0001	N/A	0.0003	14	0.0180
33	0.0000	0.0003	0.0001	N/A	0.0004	15	0.0170
34	0.0000	0.0003	0.0001	N/A	0.0004	16	0.0160
35	0.0000	0.0004	0.0001	N/A	0.0005	17	0.0150
36	0.0000	0.0004	0.0002	N/A	0.0005	18	0.0144
37	0.0000	0.0005	0.0001	N/A	0.0006	19	0.0138
38	0.0000	0.0006	0.0002	N/A	0.0006	20	0.0132
39	0.0000	0.0006	0.0002	N/A	0.0006	21	0.0126
40	0.0200	0.0006	0.0002	N/A	0.0007	22	0.0120
41	0.0200	0.0007	0.0003	N/A	0.0008	23	0.0116
42	0.0200	0.0008	0.0003	N/A	0.0009	24	0.0112
43	0.0200	0.0009	0.0003	N/A	0.0009	25	0.0108
44	0.0200	0.0010	0.0004	N/A	0.0010	26	0.0104
45	0.0200	0.0011	0.0004	N/A	0.0011	27	0.0100
46	0.0200	0.0012	0.0005	N/A	0.0012	28	0.0100
47	0.0200	0.0013	0.0005	N/A	0.0013	29	0.0100
48	0.0200	0.0014	0.0006	N/A	0.0014	30 & Above	0.0000
49	0.0200	0.0014	0.0006	N/A	0.0016		
50	0.0200	0.0016	0.0006	N/A	0.0017		
51	0.0200	0.0017	0.0007	N/A	0.0018		
52	0.0200	0.0018	0.0008	N/A	0.0020		
53	0.0200	0.0019	0.0009	N/A	0.0021		
54	0.0200	0.0020	0.0010	N/A	0.0023		
55	0.0300	0.0022	0.0011	N/A	0.0025		
56	0.0300	0.0022	0.0011	N/A	0.0028		
57	0.0300	0.0024	0.0012	N/A	0.0030		
58	0.0300	0.0027	0.0014	N/A	0.0033		
59	0.0400	0.0030	0.0015	N/A	0.0036		
60	0.0600	0.0034	0.0017	N/A	0.0039		
61	0.0600	0.0037	0.0019	N/A	0.0043		
62	0.0800	0.0040	0.0020	N/A	0.0047		
63	0.0800	0.0043	0.0022	N/A	0.0050		
64	0.1200	0.0047	0.0024	N/A	0.0054		
65	0.2200	0.0051	0.0026	N/A	0.0058		
66	0.1800	0.0056	0.0028	N/A	0.0062		
67	0.1300	0.0061	0.0030	N/A	0.0066		
68	0.2000	0.0066	0.0032	N/A	0.0069		
69	0.2000	0.0072	0.0034	N/A	0.0073		
70	0.2000	0.0072	0.0036	N/A	0.0076		
71	0.2000	0.0072	0.0038	N/A	0.0079		
72	0.2000	0.0072	0.0040	N/A	0.0085		
73	0.2000	0.0072	0.0042	N/A	0.0093		
74	0.2000	0.0072	0.0044	N/A	0.0103		
75	1.0000	0.0000	0.0000	N/A	0.0000		

## Los Angeles County Employees Retirement Association

**Table A-10: Rate of Separation From Active Service For General Members  
Plan E - Male**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	N/A	N/A	N/A	0.0003	0	0.1300
19	0.0000	N/A	N/A	N/A	0.0004	1	0.0700
20	0.0000	N/A	N/A	N/A	0.0004	2	0.0600
21	0.0000	N/A	N/A	N/A	0.0004	3	0.0500
22	0.0000	N/A	N/A	N/A	0.0004	4	0.0400
23	0.0000	N/A	N/A	N/A	0.0004	5	0.0373
24	0.0000	N/A	N/A	N/A	0.0004	6	0.0347
25	0.0000	N/A	N/A	N/A	0.0004	7	0.0320
26	0.0000	N/A	N/A	N/A	0.0004	8	0.0304
27	0.0000	N/A	N/A	N/A	0.0004	9	0.0288
28	0.0000	N/A	N/A	N/A	0.0004	10	0.0272
29	0.0000	N/A	N/A	N/A	0.0005	11	0.0256
30	0.0000	N/A	N/A	N/A	0.0006	12	0.0240
31	0.0000	N/A	N/A	N/A	0.0006	13	0.0232
32	0.0000	N/A	N/A	N/A	0.0007	14	0.0224
33	0.0000	N/A	N/A	N/A	0.0008	15	0.0216
34	0.0000	N/A	N/A	N/A	0.0008	16	0.0208
35	0.0000	N/A	N/A	N/A	0.0009	17	0.0200
36	0.0000	N/A	N/A	N/A	0.0010	18	0.0196
37	0.0000	N/A	N/A	N/A	0.0010	19	0.0192
38	0.0000	N/A	N/A	N/A	0.0011	20	0.0188
39	0.0000	N/A	N/A	N/A	0.0011	21	0.0184
40	0.0000	N/A	N/A	N/A	0.0012	22	0.0180
41	0.0000	N/A	N/A	N/A	0.0013	23	0.0176
42	0.0000	N/A	N/A	N/A	0.0014	24	0.0172
43	0.0000	N/A	N/A	N/A	0.0015	25	0.0168
44	0.0000	N/A	N/A	N/A	0.0016	26	0.0164
45	0.0000	N/A	N/A	N/A	0.0017	27	0.0160
46	0.0000	N/A	N/A	N/A	0.0019	28	0.0160
47	0.0000	N/A	N/A	N/A	0.0020	29	0.0160
48	0.0000	N/A	N/A	N/A	0.0021	30 & Above	0.0160
49	0.0000	N/A	N/A	N/A	0.0023		
50	0.0000	N/A	N/A	N/A	0.0024		
51	0.0000	N/A	N/A	N/A	0.0026		
52	0.0000	N/A	N/A	N/A	0.0028		
53	0.0000	N/A	N/A	N/A	0.0030		
54	0.0000	N/A	N/A	N/A	0.0033		
55	0.0300	N/A	N/A	N/A	0.0036		
56	0.0300	N/A	N/A	N/A	0.0040		
57	0.0300	N/A	N/A	N/A	0.0044		
58	0.0300	N/A	N/A	N/A	0.0049		
59	0.0300	N/A	N/A	N/A	0.0054		
60	0.0300	N/A	N/A	N/A	0.0059		
61	0.0600	N/A	N/A	N/A	0.0065		
62	0.1100	N/A	N/A	N/A	0.0070		
63	0.0700	N/A	N/A	N/A	0.0076		
64	0.1400	N/A	N/A	N/A	0.0081		
65	0.2600	N/A	N/A	N/A	0.0086		
66	0.1700	N/A	N/A	N/A	0.0091		
67	0.1700	N/A	N/A	N/A	0.0095		
68	0.1700	N/A	N/A	N/A	0.0099		
69	0.1700	N/A	N/A	N/A	0.0104		
70	0.2500	N/A	N/A	N/A	0.0112		
71	0.2500	N/A	N/A	N/A	0.0123		
72	0.2500	N/A	N/A	N/A	0.0137		
73	0.2500	N/A	N/A	N/A	0.0151		
74	0.2500	N/A	N/A	N/A	0.0169		
75	1.0000	N/A	N/A	N/A	0.0000		

## Los Angeles County Employees Retirement Association

**Table A-11: Rate of Separation From Active Service For General Members  
Plan E - Female**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	N/A	N/A	N/A	0.0002	0	0.1300
19	0.0000	N/A	N/A	N/A	0.0002	1	0.0700
20	0.0000	N/A	N/A	N/A	0.0002	2	0.0600
21	0.0000	N/A	N/A	N/A	0.0002	3	0.0500
22	0.0000	N/A	N/A	N/A	0.0002	4	0.0400
23	0.0000	N/A	N/A	N/A	0.0002	5	0.0373
24	0.0000	N/A	N/A	N/A	0.0002	6	0.0347
25	0.0000	N/A	N/A	N/A	0.0002	7	0.0320
26	0.0000	N/A	N/A	N/A	0.0002	8	0.0304
27	0.0000	N/A	N/A	N/A	0.0002	9	0.0288
28	0.0000	N/A	N/A	N/A	0.0002	10	0.0272
29	0.0000	N/A	N/A	N/A	0.0002	11	0.0256
30	0.0000	N/A	N/A	N/A	0.0003	12	0.0240
31	0.0000	N/A	N/A	N/A	0.0003	13	0.0232
32	0.0000	N/A	N/A	N/A	0.0003	14	0.0224
33	0.0000	N/A	N/A	N/A	0.0004	15	0.0216
34	0.0000	N/A	N/A	N/A	0.0004	16	0.0208
35	0.0000	N/A	N/A	N/A	0.0005	17	0.0200
36	0.0000	N/A	N/A	N/A	0.0005	18	0.0196
37	0.0000	N/A	N/A	N/A	0.0006	19	0.0192
38	0.0000	N/A	N/A	N/A	0.0006	20	0.0188
39	0.0000	N/A	N/A	N/A	0.0006	21	0.0184
40	0.0000	N/A	N/A	N/A	0.0007	22	0.0180
41	0.0000	N/A	N/A	N/A	0.0008	23	0.0176
42	0.0000	N/A	N/A	N/A	0.0009	24	0.0172
43	0.0000	N/A	N/A	N/A	0.0009	25	0.0168
44	0.0000	N/A	N/A	N/A	0.0010	26	0.0164
45	0.0000	N/A	N/A	N/A	0.0011	27	0.0160
46	0.0000	N/A	N/A	N/A	0.0012	28	0.0160
47	0.0000	N/A	N/A	N/A	0.0013	29	0.0160
48	0.0000	N/A	N/A	N/A	0.0014	30 & Above	0.0160
49	0.0000	N/A	N/A	N/A	0.0016		
50	0.0000	N/A	N/A	N/A	0.0017		
51	0.0000	N/A	N/A	N/A	0.0018		
52	0.0000	N/A	N/A	N/A	0.0020		
53	0.0000	N/A	N/A	N/A	0.0021		
54	0.0000	N/A	N/A	N/A	0.0023		
55	0.0400	N/A	N/A	N/A	0.0025		
56	0.0400	N/A	N/A	N/A	0.0028		
57	0.0400	N/A	N/A	N/A	0.0030		
58	0.0400	N/A	N/A	N/A	0.0033		
59	0.0400	N/A	N/A	N/A	0.0036		
60	0.0400	N/A	N/A	N/A	0.0039		
61	0.0600	N/A	N/A	N/A	0.0043		
62	0.0900	N/A	N/A	N/A	0.0047		
63	0.0600	N/A	N/A	N/A	0.0050		
64	0.1500	N/A	N/A	N/A	0.0054		
65	0.2500	N/A	N/A	N/A	0.0058		
66	0.1500	N/A	N/A	N/A	0.0062		
67	0.1500	N/A	N/A	N/A	0.0066		
68	0.1500	N/A	N/A	N/A	0.0069		
69	0.1500	N/A	N/A	N/A	0.0073		
70	0.2500	N/A	N/A	N/A	0.0076		
71	0.2500	N/A	N/A	N/A	0.0079		
72	0.2500	N/A	N/A	N/A	0.0085		
73	0.2500	N/A	N/A	N/A	0.0093		
74	0.2500	N/A	N/A	N/A	0.0103		
75	1.0000	N/A	N/A	N/A	0.0000		

## Los Angeles County Employees Retirement Association

**Table A-12: Rate of Separation From Active Service For Safety Members  
Plan A & B - Male**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0050	0.0003	0.0001	0.0003	0	0.0400
19	0.0000	0.0050	0.0003	0.0001	0.0003	1	0.0350
20	0.0000	0.0050	0.0003	0.0001	0.0003	2	0.0300
21	0.0000	0.0050	0.0003	0.0001	0.0003	3	0.0250
22	0.0000	0.0050	0.0003	0.0001	0.0003	4	0.0150
23	0.0000	0.0050	0.0003	0.0001	0.0003	5	0.0133
24	0.0000	0.0050	0.0003	0.0001	0.0003	6	0.0117
25	0.0000	0.0050	0.0003	0.0001	0.0003	7	0.0100
26	0.0000	0.0050	0.0003	0.0001	0.0003	8	0.0092
27	0.0000	0.0050	0.0003	0.0001	0.0003	9	0.0084
28	0.0000	0.0050	0.0003	0.0001	0.0003	10	0.0076
29	0.0000	0.0050	0.0003	0.0001	0.0003	11	0.0068
30	0.0000	0.0050	0.0003	0.0001	0.0004	12	0.0060
31	0.0000	0.0050	0.0003	0.0001	0.0004	13	0.0056
32	0.0000	0.0050	0.0003	0.0001	0.0004	14	0.0052
33	0.0000	0.0052	0.0003	0.0001	0.0004	15	0.0048
34	0.0000	0.0054	0.0003	0.0001	0.0004	16	0.0044
35	0.0000	0.0056	0.0003	0.0001	0.0004	17	0.0040
36	0.0000	0.0058	0.0003	0.0001	0.0004	18	0.0032
37	0.0000	0.0060	0.0004	0.0001	0.0004	19	0.0024
38	0.0000	0.0064	0.0004	0.0001	0.0004	20 & Above	0.0000
39	0.0000	0.0068	0.0004	0.0001	0.0004		
40	0.0100	0.0072	0.0004	0.0001	0.0005		
41	0.0100	0.0076	0.0004	0.0001	0.0006		
42	0.0100	0.0080	0.0005	0.0001	0.0006		
43	0.0100	0.0088	0.0005	0.0001	0.0007		
44	0.0100	0.0096	0.0005	0.0001	0.0008		
45	0.0100	0.0104	0.0006	0.0001	0.0008		
46	0.0100	0.0112	0.0006	0.0001	0.0009		
47	0.0100	0.0120	0.0007	0.0001	0.0010		
48	0.0100	0.0136	0.0007	0.0001	0.0010		
49	0.0100	0.0152	0.0008	0.0001	0.0011		
50	0.0100	0.0168	0.0014	0.0001	0.0011		
51	0.0200	0.0184	0.0019	0.0001	0.0012		
52	0.0250	0.0200	0.0025	0.0001	0.0013		
53	0.0300	0.0300	0.0030	0.0001	0.0014		
54	0.1200	0.0500	0.0036	0.0001	0.0015		
55	0.2400	0.1500	0.0036	0.0001	0.0016		
56	0.1800	0.1500	0.0036	0.0001	0.0017		
57	0.1800	0.1500	0.0036	0.0001	0.0019		
58	0.2000	0.1500	0.0036	0.0001	0.0020		
59	0.3000	0.1500	0.0036	0.0001	0.0021		
60	1.0000	0.0000	0.0038	0.0000	0.0000		

## Los Angeles County Employees Retirement Association

**Table A-13: Rate of Separation From Active Service For Safety Members  
Plan A & B - Female**

Age	Service Retirement	Service Disability	Ordinary Disability	Service Death	Ordinary Death	Years of Service	Other Terminations
18	0.0000	0.0050	0.0006	0.0001	0.0002	0	0.0400
19	0.0000	0.0050	0.0006	0.0001	0.0002	1	0.0350
20	0.0000	0.0050	0.0006	0.0001	0.0002	2	0.0300
21	0.0000	0.0050	0.0006	0.0001	0.0002	3	0.0250
22	0.0000	0.0050	0.0006	0.0001	0.0002	4	0.0150
23	0.0000	0.0050	0.0006	0.0001	0.0002	5	0.0133
24	0.0000	0.0050	0.0006	0.0001	0.0002	6	0.0117
25	0.0000	0.0050	0.0006	0.0001	0.0002	7	0.0100
26	0.0000	0.0050	0.0006	0.0001	0.0002	8	0.0092
27	0.0000	0.0050	0.0006	0.0001	0.0002	9	0.0084
28	0.0000	0.0050	0.0006	0.0001	0.0002	10	0.0076
29	0.0000	0.0050	0.0006	0.0001	0.0002	11	0.0068
30	0.0000	0.0060	0.0006	0.0001	0.0003	12	0.0060
31	0.0000	0.0070	0.0006	0.0001	0.0003	13	0.0056
32	0.0000	0.0080	0.0006	0.0001	0.0003	14	0.0052
33	0.0000	0.0090	0.0006	0.0001	0.0004	15	0.0048
34	0.0000	0.0100	0.0006	0.0001	0.0004	16	0.0044
35	0.0000	0.0110	0.0008	0.0001	0.0005	17	0.0040
36	0.0000	0.0120	0.0008	0.0001	0.0005	18	0.0032
37	0.0000	0.0125	0.0008	0.0001	0.0006	19	0.0024
38	0.0000	0.0130	0.0008	0.0001	0.0006	20 & Above	0.0000
39	0.0000	0.0135	0.0008	0.0001	0.0006		
40	0.0500	0.0140	0.0010	0.0001	0.0007		
41	0.0500	0.0145	0.0010	0.0001	0.0008		
42	0.0500	0.0150	0.0010	0.0001	0.0009		
43	0.0500	0.0155	0.0010	0.0001	0.0009		
44	0.0500	0.0160	0.0012	0.0001	0.0010		
45	0.0500	0.0165	0.0012	0.0001	0.0011		
46	0.0500	0.0170	0.0014	0.0001	0.0012		
47	0.0500	0.0175	0.0014	0.0001	0.0013		
48	0.0500	0.0180	0.0016	0.0001	0.0014		
49	0.0500	0.0185	0.0020	0.0001	0.0016		
50	0.0500	0.0190	0.0022	0.0001	0.0017		
51	0.0300	0.0300	0.0026	0.0001	0.0018		
52	0.0300	0.0350	0.0028	0.0001	0.0020		
53	0.0500	0.0400	0.0034	0.0001	0.0021		
54	0.1200	0.0450	0.0040	0.0001	0.0023		
55	0.2200	0.0700	0.0048	0.0001	0.0025		
56	0.1800	0.1200	0.0054	0.0001	0.0028		
57	0.2400	0.1200	0.0060	0.0001	0.0030		
58	0.3200	0.1200	0.0066	0.0001	0.0033		
59	0.4000	0.1200	0.0072	0.0001	0.0036		
60	1.0000	0.0000	0.0078	0.0000	0.0000		

# Los Angeles County Employees Retirement Association

## Appendix B: Summary of Plan Provisions

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All actuarial calculations are based on our understanding of the statutes governing the LACERA as contained in the County Employees Retirement Plan (CERL) of 1937, with provisions adopted by the LACERA Board, effective through July 1, 2002. The benefit and contribution provisions of this law are summarized briefly below, along with corresponding references to the State Code. This summary does not attempt to cover all the detailed provisions of the law. In addition to those benefits in effect through July 1, 2003, we have also reflected the new domestic partner provisions in this valuation.

**Government Code Sections or Board of Investments Bylaws**

### MEMBERSHIP

Permanent employees of Los Angeles County (County) and participating districts who work $\frac{3}{4}$ time or more are eligible for membership in LACERA.	(31551, 31552, Bylaws)
Employees eligible for safety membership (law enforcement, fire fighting and lifeguards) become safety members on the first day of the month after date of hire.	(31558)
All other employees become general members on the first day of the month after date of hire, or the first day of the month after they make an election of either Plan D or Plan E, depending on the law in effect at that time.	(31493, 31493.5, 31493.6, Bylaws)
Elective officers become members on the first day of the month after filing a declaration with the Board of Retirement (Board).	(31553, 31562)
General members in Plan E may transfer all their Plan E service credit to Plan D during an approved transfer period by making the required contributions. Transferred members relinquish, waive, and forfeit any and all vested or accrued benefits available under any other retirement plan and are entitled only to the benefits of Plan D.	

### RETIREMENT PLANS

The County has established seven defined benefit plans (General Plans A, B, C, D and E and Safety Plans A and B) and two defined contribution plans (General Plan F and Safety Plan F) based on a member's date of entry into LACERA. (31494.1, 31494.3)

- Plan A:** General and safety members - prior to September 1977.
- Plan B:** General members – September 1977 through September 1978. Safety members – September 1977 to present.
- Plan C:** General members – October 1978 through May 1979.

**RETIREMENT PLANS (Continued)**

- Plan D:** General members – Hired June 1979 through January 3, 1982; and those hired on or after January 4, 1982 and elect Plan D instead of Plan E; or, former Plan E general members who elected to transfer to Plan D.
- Plan E:** General members – hired on or after January 4, 1982, unless they elect Plan D; or, former general members in Plans A-D who elected to transfer to Plan E. (31487, 31496)
- Plan F:** General members in Plan D and safety members in Plan B who first became members on or after January 1, 1990, and are subject to the limitations set forth in Section 415 of the Internal Revenue Code of 1986. Currently there are no members participating in Plan F. No further description of Plan F is included here. (31510)

**MEMBER CONTRIBUTIONS**

- Plans A-D:** Contributions are based on the entry age and class of each member and are required of all members in Plans A, B, C, and D. Current member rates are shown in Appendix D.
- Contributions cease when general members are credited with 30 years of service in a contributory plan provided they were members of LACERA or a reciprocal system on March 7, 1973, and continuously thereafter. All safety member are eligible for the 30-year cessation of contributions. (31625.2, 31836.1)
- (31591, 31700)
- Interest is credited to contributions semiannually on June 30 and December 31 at an interest rate set by the Board of Investments on amounts that have been on deposit for at least six months.

**EMPLOYER CONTRIBUTIONS**

- The employer (County or district) contributes to the retirement fund a percent of the total compensation provided for all members based on an actuarial investigation, valuation and recommendation of the actuary. (31453, 31454 31581)

**SERVICE RETIREMENT ALLOWANCE**

<b><u>Eligibility:</u></b>		(31672)
<b>Plans A- D:</b>	<b>General members:</b> Age 50 with 10 years of County service; Any age with 30 years of service; or Age 70 regardless of service.	
	<b>Safety members:</b> Age 50 with 10 years of County service; Any age with 20 years of service; or Age 60 regardless of service (Mandatory retirement age for members hired before April 1, 1997). No mandatory retirement for members hired on or after April 1, 1997.	(31662.4, 31662.6, 31663.25)
<b>Plan E:</b>	Age 65 with 10 years of service. A reduced benefit is also payable at age 55 with 10 years of service.	(31491) .
<b><u>Final Compensation:</u></b>		
<b>Plans A-D:</b>	Monthly average of a member's compensation during the last year of service.	(31462.3, 31461.45)
<b>Plan E:</b>	Monthly average of a member's compensation for the last three years of service.	(31676.11)
The amount of compensation that is taken into account in computing benefits payable to any person who first becomes a member on or after July 1, 1996, shall not exceed the dollar limitations in Section 401(a)(17) of Title 26 of the US Code.		(31671)
<b><u>Monthly Allowance:</u></b>		
	<b>Safety members:</b> 1/50 x Final Compensation x Safety age factor x Years of service. (The Safety Plan A and Safety Plan B age factors are the same.)	(31664)
<b>Plans A-D:</b>	<b>General members:</b> 1/60 x Final Compensation x a Plan specific age factor x years of service.	(31676.1) (31676.11) (31676.14)



**SERVICE RETIREMENT ALLOWANCE (Continued)**

- Plan E:**                      **General members: (a)+(b)-(c) where:**
- (a)     2% x Final Compensation x (Years of Service, (up to 35 years), plus (31491,
  - (b)     1 % x Final Compensation x Years of Service in excess of 35 (up to 10) 31491.3 (b)&(c))
  - (c)     Estimated Primary Insurance Amount (PIA) x Years of Covered Service (up to 35) divided by 35.

The PIA is calculated based on certain assumptions specified by statute, and an assumed Social Security retirement age of 62.

If retirement occurs prior to age 65, benefit amount is adjusted by an actuarial equivalent factor (see Sample Plan Age Factors).

**Social Security Integration:**

**Plans A-C:**                      **General Members:** (31808)  
 For County service covered by Social Security prior to January 1, 1983, the 1/60 factor is replaced by 1/90 for the first \$350 of compensation.

**Plan D:**                              The 1/90 factor is applied to the first \$1,050 of compensation.

**Sample Plan Age Factors**

<b>Plan</b>	<b>Age 50</b>	<b>Age 55</b>	<b>Age 60</b>	<b>Age 65 &amp; Up</b>	
General A	0.885	1.169	1.464	1.567	(31676.14)
General B	0.745	1.000	1.309	1.567	(31676.11)
General C&D	0.709	0.895	1.150	1.459	(31676.1)
General E	N/A	0.375	0.601	1.000	(31491.3(a))
Safety A&B	1.000	1.310	1.310	1.310	(31664)

**Maximum Allowance:**

**Plans A-D:**                      Allowance may not exceed 100% of final compensation.

**Plan E:**                              The sum of the normal retirement allowance and the estimated PIA cannot exceed 70% of Final Compensation for a member with 35 or less years of service, and cannot exceed 80% of Final Compensation if service exceeds 35 years. (31491)

**SERVICE RETIREMENT ALLOWANCE (Continued)**

**Unmodified Retirement Allowance (Normal Form):**

<b>Plans A-D:</b>	Life Annuity payable to retired member with 65% continuance to an eligible survivor (or eligible children).	(31760.12, 31785.4)
<b>Plan E:</b>	Life Annuity payable to retired member with 55% continuance to an eligible survivor (or eligible children).	(31491, 31492.1)
Eligible survivor includes certain domestic partners.		(31780.2)

**Optional Retirement Allowance:**

A member may elect to have the actuarial equivalent of the service or disability retirement allowance applied to a lesser retirement allowance during the retired member's life in order to provide an optional survivor allowance.	(31760.1, 31785) (31492)
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<b>Unmodified Plus:</b>	Members with eligible survivors may elect a higher percent than the standard unmodified continuance, up to 100%. The benefit is actuarially reduced from the unmodified amount. The elected percent of the member's reduced allowance is payable to the eligible survivor.	(31760.5)
<b>Option 1:</b>	Member's allowance is reduced to pay a cash refund of any unpaid annuity payments (up to the amount of the member's contributions at retirement) to the member's estate or to a beneficiary having an insurable interest in the life of the member.	(31761)
<b>Option 2:</b>	100% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.	(31762)
<b>Option 3:</b>	50% of member's reduced allowance is payable to a surviving spouse or beneficiary having an insurable interest in the life of the member.	(31763)
<b>Option 4:</b>	Other % of member's reduced allowance is payable to a surviving spouse or beneficiary(ies) having an insurable interest in the life of the member.	(31764)

**SERVICE RETIREMENT ALLOWANCE (Continued)**

A member may not revoke and name another beneficiary if the member elects Option 2, 3 or 4. (31782)

**Pension: Advance Option** The Pension Advance Option is available to members who are fully insured under Social Security for the purpose of coordinating a member's retirement allowance with benefits receivable from Social Security. It is not available to disability retirees or members who elect Option 2, 3 or 4. The allowance is increased prior to age 62 and then reduced after 62 by amounts which have equivalent actuarial values. The automatic 65% continuance for eligible spouses of members who elect the Pension Advance Option is based on the unmodified allowance the member would have received if the member had not elected the option. (31810, 31811)

**All Allowances:** All allowances are made on a pro-rata basis (based on the number of days in that month) if not in effect for the entire month of retirement. For deaths that occur mid-month, the full month's payment is made. (31600)

**SERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE**

**Eligibility:** (31720, 31720.5)  
**Plans A-D:** Any age or years of service; disability must result from occupational injury or disease, and member must be permanently incapacitated for the performance of duty.

**Plan E:** Not available under Plan E. (31487)

**Monthly Allowance:** Greater of (1) 50% of final compensation, and (2) the service retirement allowance, if eligible to retire. (31727.4)

**Normal Form Of Payment:** Life Annuity with 100% continuance to a surviving spouse (or eligible children). (31760, 31786)

**NONSERVICE-CONNECTED DISABILITY RETIREMENT ALLOWANCE**

**Eligibility:**

- |                   |   |                |
|-------------------|---|----------------|
| <b>Plans A-D:</b> | Any age with 5 years of service, and permanently incapacitated for the performance of duty. | (31720, 31836) |
| <b>Plan E:</b>    | Not available under Plan E.   | (31487)        |

**Monthly Allowance:**

- |                         |   |                              |
|-------------------------|---|------------------------------|
|                         | The monthly allowance is equal to a service retirement allowance if the member is eligible to retire, otherwise allowance equals (a) or (b) where:  | (31726, 31726.5)             |
| <b>General Members:</b> | (a) 90% of 1/60 of Final Compensation x years of service, if member must rely on service in another retirement system in order to be eligible to retire, or allowance exceeds 1/3 of final compensation.<br>(b) 90% 1/60 of Final Compensation x years of service projected to age 65, not to exceed 1/3 of Final Compensation. | (31727(a))<br><br>(31727(b)) |
| <b>Safety Members:</b>  | 1/60 is replaced by 1/50 and age 65 is replaced by age 55 in (a) and (b) above.   | (31727.2)                    |

- |                                       |   |  |
|---------------------------------------|---|--|
| <b><u>Normal Form Of Payment:</u></b> | Life Annuity with 65% continuance to a surviving spouse (or eligible children). | (31760, 31760.1, 31760.12, 31785, 31785.4) |
|---------------------------------------|---|--|

**SERVICE-CONNECTED DEATH BENEFITS**

**Eligibility:**

- |                   |  |         |
|-------------------|--|---------|
| <b>Plans A-D:</b> | Active members who die in service as a result of injury or disease arising out of and in the course of employment. | (31787) |
| <b>Plan E:</b>    | Not available under Plan E.  | (31487) |

**Monthly Allowance:**

- |  |  |         |
|--|--|---------|
|  | An annual death allowance is payable monthly to an eligible survivor (or eligible children) equal to 50% of the member's Final Compensation. | (31787) |
|--|--|---------|

**SERVICE-CONNECTED DEATH BENEFITS (Continued)**

**Optional Combined Benefit:** (31781.3)

In lieu of the monthly allowance above, a surviving spouse may elect:

- (a) A lump sum equal to 1/12 of the compensation earned in the preceding 12 months x years of service (benefit not to exceed 50% of the 12 months' compensation), plus
- (b) A monthly payment equal to 50% of the member's Final Compensation, reduced by a monthly amount, which is the actuarial equivalent of (a) above based on the age of surviving spouse.

**Death Benefit (Lump Sum):** (31781)

The member's normal contributions and interest, plus 1/12 of the compensation earned in the preceding 12 months x years of service (benefit not to exceed 50% of the 12 months' compensation).

**Additional Allowance for Children:** (31787.5)

25% of death allowance (whether or not the monthly allowance or combined benefit is chosen) for one child, 40% for two children, and 50% for three or more children.

**Additional Amount for Spouse of Safety Member:** (31787.6)

A surviving spouse of a safety member is also entitled to receive a lump-sum death benefit equal to 12 x monthly rate of compensation at the time of member's death in addition to all other benefits.

*Note: For valuation purposes, an unmarried member is assumed to take the lump sum benefit. A married member is assumed to take the monthly allowance or the lump sum, whichever is more valuable.*

**NONSERVICE-CONNECTED DEATH BENEFITS**

**Eligibility:** (31780)

**Plans A-D:** Active members who die while in service or while physically or mentally incapacitated for the performance of duty.

**Plan E:** Not available under Plan E.

**NONSERVICE-CONNECTED DEATH BENEFITS (Continued)**

**Death Benefit (Lump Sum):** (31498)

The member's normal contributions and interest, plus 1/12 of the Compensation earned in preceding 12 months x the number of completed years of service (benefit not to exceed 50% of the 12 months' compensation).

**Optional Death Benefit:** (31781)

In lieu of the lump-sum death benefit, the following several optional death benefits are available to provide flexibility to survivors.

**First Optional Death Benefit:**

If a member who would have been entitled to a non-service-connected disability retirement allowance dies prior to retirement as a result of such disability, the surviving spouse (or eligible children) may elect to receive an optional death allowance equal to 65% of the monthly retirement allowance to which the member would have been entitled as of the date of death. (31781.1, 31781.12)

**Second Optional Death Benefit:**

If a member dies prior to reaching the minimum retirement age but has 10 or more years of County service, a surviving spouse (or eligible children) may elect to leave the amount of the death benefit on deposit until the earliest date the member could have retired and at that time receive the allowance provided for in Section 31765 (an Option 3 benefit) or 31765.2 (a 65% continuance). (31781.2, 31765.2)

**Third Optional Death Benefit:**

A surviving spouse of a member who dies after five years of County service may elect a combined benefit equal to:

- (a) A lump sum equal to 1/12 of the compensation earnable in the preceding 12 months x the number of completed years of service (benefit not to exceed 50% of the 12 months' compensation), plus (31781.3)
- (b) A monthly payment equal to 65% of the monthly retirement allowance to which the member have been entitled if the member retired or been retired for a non-service-connected disability as of the date of death, reduced by a monthly amount which is the actuarial equivalent of (a) above based on the age of surviving spouse. (31781.1, 31781.12)

**NONSERVICE-CONNECTED DEATH BENEFITS (Continued)**

**Fourth Optional Death Benefit:**

If a member dies while eligible for a service retirement and the surviving spouse is designated as beneficiary, the spouse (or eligible children) may elect to receive 65% of the monthly retirement allowance to which the member would have been entitled as of the date of death. (31765.1, 31765.2)

**Fifth Optional Death Benefit:**

If a member dies while eligible for a service retirement and the surviving spouse is designated as beneficiary and survives the member by not less than 30 days the spouse (or eligible children) may elect to receive the same retirement allowance as the spouse would have received had the member retired on the date of death and selected Option 3. (31765)

***Note:** For valuation purposes, an unmarried member is assumed to take the lump sum benefit. A married member is assumed to take the first optional death benefit or the lump sum, whichever is more valuable.*

**POST-RETIREMENT DEATH BENEFIT**

**Plans A-D:** A one-time lump-sum benefit of \$5,000 is payable to the estate or to the beneficiary designated by the member upon the death of any member while receiving a retirement allowance. This is in addition to any other death or survivor benefits. The amount may be paid from surplus earnings of the retirement system, if any, but is currently paid by the County based on agreement with LACERA. It is not included for valuation purposes. (31789.1)

**Plan E:** The only death benefits payable after retirement are the continuance allowances described above under Unmodified and Optional Retirement Allowances. There is no \$5,000 lump-sum payment under Plan E. (31492)

**DEFERRED VESTED BENEFITS**

<b><u>Eligibility:</u></b>		(31700)
<b>Plans A-D:</b>	5 years of county or reciprocal service. member contributions must be left on deposit.	
<b>Plan E:</b>	Age 55 with 10 years of service.	(31491)
<b><u>Monthly Allowance:</u></b>		(31703, 31704, 31705)
<b>Plans A-D:</b>	Same as service retirement allowance; payable anytime after the member would have been eligible for service retirement.	
	If a terminated member dies before the effective date of the deferred retirement allowance, the member's accumulated contributions are paid to the estate or to the named beneficiary.	(31702)
<b>Plan E:</b>	Same as service retirement allowance at normal retirement age 65 or in an actuarially equivalent reduced amount at early retirement, after age 55.	(31491)



**TRANSFERS BETWEEN PLAN D AND PLAN E**

Members in Plan D may transfer to Plan E on a prospective basis. Members in Plan E may transfer to Plan D on a prospective basis. (31494.2, 31494.5)

**RECIPROCITY:**

**Plans A-E:**

Reciprocal benefits are may be granted to members who are entitled to retirement benefits from two or more retirement systems established under the CERL or from a County retirement system and the California Public Employees' Retirement System (CalPERS). Reciprocity also applies to the members of the State Teachers' Retirement System Defined Benefit Plan. (31830, 31840.4, 31840.8)

Final Compensation may be based on service with CalPERS or another County retirement system, if greater. (31835)

Deferred members are eligible for disability and death benefits from LACERA, if disabled while a member of CalPERS or another County retirement system, but combined benefits are limited.

**TRANSFER FROM CALPERS**

Whenever firefighting or law enforcement functions performed by a city of the state subject to the California Public Employees Retirement Law are transferred to the County, fire authority, or district, employees performing those functions become members of LACERA. LACERA and CalPERS may enter into an agreement whereby the members' service credit plus the members' and the cities' or states' retirement contributions are transferred from CalPERS to LACERA. (31657)

**COST OF LIVING INCREASES**

Cost-of-living increases (or decreases) are applied to all retirement allowances (service and disability), optional death allowances, and annual death allowances effective April 1, based on changes in the Consumer Price Index (CPI) from the previous January 1 to the current January 1, to the nearest ½ of 1%. (31870, 31870.1)

**Plan A:** Members (and their beneficiaries) are limited to a maximum 3% cost-of-living increase.

**Plans B-D:** Members (and their beneficiaries) are limited to a maximum 2% cost-of-living increase. (31870, 31870.1)

When the CPI exceeds 2 or 3%, the difference between the actual CPI and the maximum cost-of-living increase given in any year is credited to the COLA Accumulation. It may be used in future years to provide cost-of-living increases when the CPI falls below 2 or 3%, depending on the retirement plan.

**Plan E:** Members (and their beneficiaries) are limited to a maximum 2% cost of living increase. The 2% is pro-rated based on service earned after June 4, 2002. "Elective COLA" increases for service earned prior to June 4, 2002 may be purchased by the member. (31495.5)

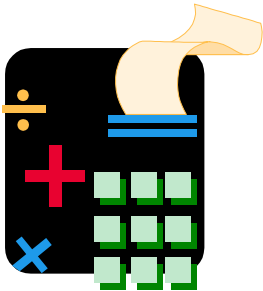
**STAR PROGRAM**

Members who have a COLA Accumulation of more than 20% resulting from CPI increases that exceeded the maximum cost-of-living increases that could be granted are eligible for a supplemental cost-of-living increase effective January 1 known as the Supplemental Targeted Adjustment for Retirees Cost-of-Living Adjustment (STAR COLA). These benefits are not evaluated in this report, or as part of the actuarially required funding amount, unless they have been vested by the Board of Investments. (318874.3(b))

# Los Angeles County Employees Retirement Association

## Appendix C: Valuation Data and Schedules

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Data on LACERA membership as of June 30, 2005 was supplied to us by the system staff. On the following table, Exhibit C-1, we present a summary of LACERA membership at June 30, 2005 for active members. Similar information is shown in Exhibit C-2Ret for retired members and C-2Def for deferred vested members.

The number of total active members increased by 0.2% and the total salary increased by 2.0% since the last valuation. The total number of retired members and their beneficiaries increased by 3.0%, while the average retirement benefit amount increased by 4.6%.

Note that salary amounts shown are the prior year annual pensionable earnings for those members of plans with a one-year final compensation period. For plans with a three-year final compensation period (Plan E only), the monthly rate of pay at June 2005 is shown.

Additional statistical data on both active and retired members is shown in the following tables. Additional detailed summaries are supplied to the system staff in a supplementary report.

Exhibit C-3: Age Distribution of Active Members

Exhibit C-4: Age, Service, Compensation Distribution of Active Members

Exhibit C-5: Age, Retirement Year, Benefit Amount and Plan Distribution of Retired Members

Exhibits C-4 and C-5 are shown for all plans combined as well as for each plan separately.

## Los Angeles County Employees Retirement Association

### Exhibit C-1: LACERA Membership – Active Members as of June 30, 2005

	Sex	Vested	NonVested	Total Number	Annual Salary	Average Age	Average Monthly Salary	Average Credited Service
<b>General Members</b>								
Plan A	M	1,415	2	1,417	\$ 113,212,680	58.2	\$ 6,658	31.8
	F	2,399	4	2,403	151,690,260	56.9	5,260	31.6
Plan B	M	133	1	134	10,859,208	56.7	6,753	27.6
	F	263	-	263	16,312,068	55.1	5,169	27.1
Plan C	M	98	-	98	7,505,616	55.9	6,382	26.6
	F	199	-	199	11,803,992	55.0	4,943	26.2
Plan D	M	9,392	4,254	13,646	783,486,972	44.3	4,785	9.8
	F	18,841	8,463	27,304	1,389,251,460	43.2	4,240	9.8
Plan E	M	5,839	1,827	7,666	477,306,180	49.6	5,189	17.3
	F	13,533	8,504	22,037	1,085,098,296	46.2	4,103	14.5
Total		52,112	23,055	75,167	\$ 4,046,526,732	45.8	\$ 4,486	13.2
<b>Safety Members</b>								
Plan A	M	610	-	610	\$ 62,635,548	54.5	\$ 8,557	32.4
	F	62	-	62	6,043,560	53.4	8,123	30.7
Plan B	M	7,859	1,450	9,309	742,834,608	40.4	6,650	14.1
	F	971	265	1,236	93,350,496	38.2	6,294	11.5
Total		9,502	1,715	11,217	\$ 904,864,212	41.0	\$ 6,722	14.9
<b>Grand Total</b>		61,614	24,770	86,384	\$ 4,951,390,944	45.2	\$ 4,777	13.4

**Los Angeles County Employees  
Retirement Association**

**Exhibit C-2Ret: LACERA Membership – Retired Members as of June 30, 2005**

	<b>Sex</b>	<b>Number</b>	<b>Annual Allowance</b>	<b>Average Age</b>	<b>Average Monthly Benefit</b>
<b>General Members</b>					
Plan A	M	12,696	\$ 517,212,611	72.7	\$ 3,395
	F	18,231	469,395,282	74.4	2,146
Plan B	M	129	3,551,522	68.8	2,294
	F	340	7,349,498	69.3	1,801
Plan C	M	107	2,276,882	68.6	1,773
	F	227	3,833,272	69.2	1,407
Plan D	M	1,456	31,198,248	64.2	1,786
	F	2,460	41,905,902	64.4	1,420
Plan E	M	1,686	26,706,530	68.7	1,320
	F	2,919	34,177,301	68.1	976
<b>Total</b>		<b>40,251</b>	<b>\$ 1,137,607,048</b>	<b>72.1</b>	<b>\$ 2,355</b>
<b>Safety Members</b>					
Plan A	M	6,370	\$ 399,472,659	66.8	\$ 5,226
	F	1,790	68,935,751	69.7	3,209
Plan B	M	1,023	35,868,362	48.0	2,922
	F	335	10,124,475	45.1	2,519
<b>Total</b>		<b>9,518</b>	<b>\$ 514,401,247</b>	<b>64.6</b>	<b>\$ 4,504</b>
<b>Grand Total</b>		<b>49,769</b>	<b>\$ 1,652,008,295</b>	<b>70.7</b>	<b>\$ 2,766</b>

**Los Angeles County Employees  
Retirement Association**

**Exhibit C-2Def: LACERA Membership – Deferred Vested Members as of June 30, 2005  
Subtotaled by Plan and Retirement Type**

	<u>Sex</u>	<u>Number</u>	<u>Average Age</u>
<b><i>General Members</i></b>			
Plan A	M	172	59.2
	F	294	56.5
Plan B	M	19	56.7
	F	41	53.5
Plan C	M	9	56.2
	F	22	53.0
Plan D	M	693	46.2
	F	1,335	44.0
Plan E	M	1,251	51.6
	F	2,755	50.5
Total		<u>6,591</u>	49.5
<b><i>Safety Members</i></b>			
Plan A	M	18	56.2
	F	-	-
Plan B	M	281	38.6
	F	90	38.5
Total		<u>389</u>	39.4
<b><i>Grand Total</i></b>		6,980	48.9

**Los Angeles County Employees  
Retirement Association**

**Exhibit C-2a: LACERA Membership – Retired Members as of June 30, 2005  
Subtotaled by Plan and Retirement Type**

<u>Plan</u>	<u>Retirement Type</u>	<u>Number</u>	<u>Annual Benefits in Thousands</u>	<u>Average Monthly Benefit</u>
<b>General Plans:</b>				
<b>Plan A</b>				
	Healthy	22,882	\$ 819,635	\$ 2,985
	Disabled	2,905	70,549	2,024
	Beneficiaries	5,140	96,423	1,563
	Total	30,927	\$ 986,607	\$ 2,658
<b>Plan B</b>				
	Healthy	375	\$ 9,334	\$ 2,074
	Disabled	68	1,239	1,518
	Beneficiaries	26	328	1,051
	Total	469	\$ 10,901	\$ 1,937
<b>Plan C</b>				
	Healthy	247	\$ 4,749	\$ 1,602
	Disabled	59	1,096	1,548
	Beneficiaries	28	266	792
	Total	334	\$ 6,111	\$ 1,525
<b>Plan D</b>				
	Healthy	2,609	\$ 48,332	\$ 1,544
	Disabled	968	21,215	1,826
	Beneficiaries	339	3,557	874
	Total	3,916	\$ 73,104	\$ 1,556
<b>Plan E</b>				
	Healthy	4,354	\$ 59,177	\$ 1,133
	Disabled	0	0	N/A
	Beneficiaries	251	1,707	567
	Total	4,605	\$ 60,884	\$ 1,102
<b>Safety Plans:</b>				
<b>Plan A</b>				
	Healthy	2,995	\$ 196,000	\$ 5,454
	Disabled	3,886	228,074	4,891
	Beneficiaries	1,279	44,334	2,889
	Total	8,160	\$ 468,408	\$ 4,784
<b>Plan B</b>				
	Healthy	175	\$ 6,507	\$ 3,099
	Disabled	1,109	37,691	2,832
	Beneficiaries	74	1,796	2,023
	Total	1,358	\$ 45,994	\$ 2,822
<b>Grand Totals</b>		49,769	1,652,009	2,766

**Los Angeles County Employees  
Retirement Association**

**Exhibit C-2b: LACERA Membership – Retired Members as of June 30, 2005  
Subtotaled by Retirement Type and Plan**

<u>Type</u>	<u>Plan</u>	<u>Number</u>	<u>Annual Benefits in Thousands</u>	<u>Average Monthly Benefit</u>
<b>Healthy Retirees</b>				
	General A	22,882	\$ 819,635	\$ 2,985
	General B	375	9,334	2,074
	General C	247	4,749	1,602
	General D	2,609	48,332	1,544
	General E	4,354	59,177	1,133
	Safety A	2,995	196,000	5,454
	Safety B	175	6,507	3,099
	Total	<u>33,637</u>	<u>\$ 1,143,734</u>	<u>\$ 2,834</u>
<b>Disabled Retirees</b>				
	General A	2,905	\$ 70,549	\$ 2,024
	General B	68	1,239	1,518
	General C	59	1,096	1,548
	General D	968	21,215	1,826
	Safety A	3,886	228,074	4,891
	Safety B	1,109	37,691	2,832
	Total	<u>8,995</u>	<u>\$ 359,864</u>	<u>\$ 3,334</u>
<b>Beneficiaries</b>				
	General A	5,140	\$ 96,423	\$ 1,563
	General B	26	328	1,051
	General C	28	266	792
	General D	339	3,557	874
	General E	251	1,707	567
	Safety A	1,279	44,334	2,889
	Safety B	74	1,796	2,023
	Total	<u>7,137</u>	<u>\$ 148,411</u>	<u>\$ 1,733</u>
<b>Grand Totals</b>		<b>49,769</b>	<b>\$ 1,652,009</b>	<b>\$ 2,766</b>



## Los Angeles County Employees Retirement Association

### Exhibit C-3: Age Distribution of Active Members as of June 30, 2005

	Age Groups						Total
	0-29	30-39	40-49	50-59	60-69	70+	
<b>General Plans:</b>							
Plan A							
Male	-	-	12	960	409	36	1,417
Female	-	-	61	1,788	507	47	2,403
Plan B							
Male	-	-	4	95	34	1	134
Female	-	-	51	159	47	6	263
Plan C							
Male	-	-	8	73	13	4	98
Female	-	-	39	122	32	6	199
Plan D							
Male	1,161	3,811	4,255	3,213	1,075	131	13,646
Female	2,692	8,159	8,599	5,987	1,702	165	27,304
Plan E							
Male	246	1,053	2,300	2,795	1,151	121	7,666
Female	1,472	4,751	6,875	6,699	2,030	210	22,037
<b>Safety Plans:</b>							
Plan A							
Male	-	-	8	592	10	-	610
Female	-	-	3	58	1	-	62
Plan B							
Male	721	3,522	3,957	1,092	17	-	9,309
Female	159	558	422	97	-	-	1,236
<b>Grand Totals:</b>	6,451	21,854	26,594	23,730	7,028	727	86,384

## Los Angeles County Employees Retirement Association

**Exhibit C-4: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
All Plans**

<b>Count</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Total Count</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	495	204	105	139	60	17	0	0	0	0	0	0	1,020
25-29	1,089	681	595	913	883	1,265	5	0	0	0	0	0	5,431
30-34	742	577	546	944	1,326	4,378	698	45	0	0	0	0	9,256
35-39	564	455	387	781	1,059	4,010	3,513	1,744	76	9	0	0	12,598
40-44	409	301	268	563	808	2,697	3,098	4,054	1,062	92	16	10	13,378
45-49	362	260	230	451	657	2,170	2,225	3,133	2,342	1,246	89	51	13,216
50-54	249	164	152	347	495	1,637	1,747	2,319	1,803	2,191	1,627	159	12,890
55-59	158	98	94	232	330	1,178	1,378	1,611	1,086	1,607	2,126	942	10,840
60-64	50	40	48	101	139	555	797	883	566	680	691	653	5,203
65 & Over	22	9	19	44	64	281	465	544	304	339	240	221	2,552
<b>Total Count</b>	4,140	2,789	2,444	4,515	5,821	18,188	13,926	14,333	7,239	6,164	4,789	2,036	86,384

<b>Average Compensation</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Average Comp.</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	30,895	33,591	32,486	33,507	36,100	39,781	-	-	-	-	-	-	32,408
25-29	37,666	39,508	42,416	42,702	43,218	45,686	40,817	-	-	-	-	-	42,037
30-34	40,902	43,548	46,566	47,229	48,205	52,685	54,729	55,480	-	-	-	-	49,779
35-39	42,720	48,245	49,559	48,618	50,072	56,116	60,868	60,496	61,594	88,904	-	-	56,045
40-44	42,536	45,001	46,035	47,298	48,386	52,947	61,401	66,641	67,259	65,227	90,276	93,492	59,201
45-49	46,388	46,011	49,568	47,120	46,055	52,262	58,793	66,648	72,987	62,226	67,641	93,112	60,830
50-54	50,999	47,624	50,118	49,273	49,371	51,484	57,425	62,375	71,322	69,183	62,749	72,963	61,503
55-59	49,756	47,586	51,417	50,843	48,351	52,977	55,527	59,972	68,107	68,370	68,875	65,569	62,055
60-64	56,057	55,158	54,521	59,709	50,782	53,496	53,542	60,246	66,000	61,244	62,818	68,171	60,196
65 & Over	85,112	82,128	56,713	53,769	61,518	55,323	51,945	54,970	65,327	60,271	61,962	62,773	58,241
<b>Avg. Annual Compensation</b>	41,106	43,658	46,292	46,815	47,761	52,907	58,663	63,583	70,012	66,169	65,622	67,504	57,318



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

**Exhibit C-4a: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
General Plan A**

<b>Count</b>														
Age	Years of Service												Total Count	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	1	4	36	32	0	0	73
50-54	0	1	0	1	0	4	12	12	25	180	670	64	0	969
55-59	0	0	1	0	0	12	12	34	50	220	1,017	433	0	1,779
60-64	0	0	0	0	1	10	13	29	27	86	330	223	0	719
65 & Over	0	0	0	0	2	3	6	7	12	31	114	105	0	280
<b>Total Count</b>	0	1	1	1	3	29	43	83	118	553	2,163	825	0	3,820

<b>Compensation</b>														
Age	Years of Service												Average Comp.	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	58,128	52,434	57,150	61,401	-	-	58,769
50-54	-	65,856	-	30,336	-	68,898	57,718	61,819	58,973	67,112	60,898	67,681	-	62,429
55-59	-	-	124,524	-	-	70,765	74,721	81,263	73,952	74,897	70,891	68,065	-	71,038
60-64	-	-	-	-	50,856	61,414	77,812	87,635	76,346	77,026	68,497	75,104	-	72,678
65 & Over	-	-	-	-	112,980	55,768	68,222	95,441	91,544	94,850	73,718	72,123	-	76,737
<b>Avg. Annual Compensation</b>	-	65,856	124,524	30,336	92,272	65,731	70,004	81,595	72,386	72,657	67,439	70,454	-	69,346



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

**Exhibit C-4b: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
General Plan B**

<b>Count</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Total Count</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	1	1	1	1	51	0	0	55
50-54	0	0	0	0	0	0	2	4	3	109	4	0	122
55-59	0	0	0	0	1	1	0	1	2	119	8	0	132
60-64	0	0	0	0	0	0	0	1	1	53	3	0	58
65 & Over	0	0	0	0	0	0	0	0	0	29	1	0	30
<b>Total Count</b>	0	0	0	0	1	2	3	7	7	361	16	0	397

<b>Compensation</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Average Comp.</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	23,184	78,168	40,764	52,740	55,046	-	-	54,585
50-54	-	-	-	-	-	-	90,114	81,435	60,624	69,115	100,947	-	70,698
55-59	-	-	-	-	131,640	87,792	-	43,128	150,498	70,692	89,859	-	73,445
60-64	-	-	-	-	-	-	-	58,668	154,104	68,530	61,508	-	69,472
65 & Over	-	-	-	-	-	-	-	-	-	61,329	41,280	-	60,660
<b>Avg. Annual Compensation</b>	-	-	-	-	131,640	55,488	86,132	66,900	98,530	66,936	84,279	-	68,442



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## Los Angeles County Employees Retirement Association

**Exhibit C-4c: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
General Plan C**

<b>Count</b>														
<b>Age</b>	<b>Years of Service</b>												<b>Total Count</b>	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	1	0	0	0	1
45-49	0	0	0	0	0	0	0	1	2	42	1	0	0	46
50-54	0	0	0	0	0	0	0	0	3	92	2	0	0	97
55-59	0	0	0	0	0	0	0	4	7	84	2	1	0	98
60-64	0	0	0	0	0	0	0	0	0	32	2	0	0	34
65 & Over	0	0	0	0	0	0	0	2	1	17	1	0	0	21
<b>Total Count</b>	0	0	0	0	0	0	0	7	13	268	8	1	0	297

<b>Compensation</b>														
<b>Age</b>	<b>Years of Service</b>												<b>Average Comp.</b>	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over		
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	59,364	-	-	-	59,364
45-49	-	-	-	-	-	-	-	41,640	40,188	51,604	47,520	-	-	50,802
50-54	-	-	-	-	-	-	-	-	93,272	72,820	95,502	-	-	73,920
55-59	-	-	-	-	-	-	-	77,847	83,961	61,621	120,240	53,088	-	64,989
60-64	-	-	-	-	-	-	-	-	-	59,862	159,774	-	-	65,739
65 & Over	-	-	-	-	-	-	-	66,552	33,132	51,763	92,856	-	-	54,241
<b>Avg. Annual Compensation</b>	-	-	-	-	-	-	-	69,447	75,465	63,052	111,426	53,088	-	65,016



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

**Exhibit C-4d: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
General Plan D**

<b>Count</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Total Count</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	295	119	69	79	32	10	0	0	0	0	0	0	604
25-29	741	395	414	561	505	632	1	0	0	0	0	0	3,249
30-34	481	359	386	576	778	2,418	324	20	0	0	0	0	5,342
35-39	377	282	283	530	619	2,357	1,574	588	18	0	0	0	6,628
40-44	273	200	201	396	502	1,682	1,600	1,488	262	24	0	0	6,628
45-49	244	182	169	329	426	1,373	1,261	1,376	580	277	9	0	6,226
50-54	159	117	109	230	331	1,077	1,015	1,124	613	381	115	8	5,279
55-59	101	70	63	169	228	758	888	807	397	295	97	48	3,921
60-64	31	29	36	66	80	362	480	460	259	128	25	29	1,985
65 & Over	11	7	13	27	37	156	281	323	149	78	1	5	1,088
<b>Total Count</b>	<b>2,713</b>	<b>1,760</b>	<b>1,743</b>	<b>2,963</b>	<b>3,538</b>	<b>10,825</b>	<b>7,424</b>	<b>6,186</b>	<b>2,278</b>	<b>1,183</b>	<b>247</b>	<b>90</b>	<b>40,950</b>

<b>Compensation</b>													
<b>Age</b>	<b>Years of Service</b>												<b>Average Comp.</b>
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	29,080	31,415	30,486	30,137	34,368	37,055	-	-	-	-	-	-	30,251
25-29	36,869	40,054	41,396	39,822	40,025	41,030	37,380	-	-	-	-	-	39,643
30-34	39,897	43,486	45,754	45,102	46,188	49,406	49,338	50,632	-	-	-	-	46,956
35-39	43,050	49,827	48,119	47,356	48,332	53,933	56,355	51,262	52,873	-	-	-	52,178
40-44	41,569	45,589	46,272	47,261	48,782	51,725	58,831	60,302	55,685	61,304	-	-	54,298
45-49	44,962	47,210	47,571	48,837	47,241	53,909	59,013	63,414	63,236	57,804	60,535	-	56,652
50-54	45,676	47,913	47,055	48,331	50,856	53,390	58,549	62,147	70,072	62,716	62,696	68,329	58,218
55-59	43,664	47,407	49,062	51,413	48,847	53,982	56,903	61,403	72,057	66,390	69,286	70,904	58,649
60-64	58,386	52,592	54,799	59,401	52,139	54,088	54,015	61,329	65,885	61,942	76,573	77,447	58,575
65 & Over	71,991	91,757	58,177	51,560	61,734	58,030	51,865	56,478	63,818	66,142	33,816	76,764	57,740
<b>Avg. Annual Compensation</b>	<b>39,776</b>	<b>44,332</b>	<b>45,215</b>	<b>45,798</b>	<b>46,977</b>	<b>51,820</b>	<b>57,076</b>	<b>60,459</b>	<b>66,002</b>	<b>62,596</b>	<b>66,493</b>	<b>73,109</b>	<b>53,058</b>



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

**Exhibit C-4e: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
General Plan E**

<b>Count</b>													
<b>Age</b>	<b>Years of Service</b>											<b>Total Count</b>	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	147	71	19	40	22	4	0	0	0	0	0	0	303
25-29	267	244	120	192	231	357	4	0	0	0	0	0	1,415
30-34	213	164	117	210	320	1,055	206	15	0	0	0	0	2,300
35-39	155	135	70	165	264	977	1,113	593	32	0	0	0	3,504
40-44	124	81	57	129	245	748	1,054	1,458	418	36	0	0	4,350
45-49	117	73	59	111	213	704	825	1,256	837	604	26	0	4,825
50-54	86	45	42	111	153	527	687	1,025	807	935	662	40	5,120
55-59	53	26	30	62	93	392	472	743	557	727	815	404	4,374
60-64	19	11	12	35	57	178	302	391	279	379	328	394	2,385
65 & Over	11	2	6	16	25	119	178	212	141	183	123	111	1,127
<b>Total Count</b>	<b>1,192</b>	<b>852</b>	<b>532</b>	<b>1,071</b>	<b>1,623</b>	<b>5,061</b>	<b>4,841</b>	<b>5,693</b>	<b>3,071</b>	<b>2,864</b>	<b>1,954</b>	<b>949</b>	<b>29,703</b>

<b>Compensation</b>													
<b>Age</b>	<b>Years of Service</b>											<b>Average Comp.</b>	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	28,244	34,979	30,353	30,928	33,403	32,802	-	-	-	-	-	-	30,744
25-29	35,588	37,098	40,291	38,218	38,206	39,437	41,676	-	-	-	-	-	38,020
30-34	40,222	40,006	45,392	43,217	40,647	45,211	45,267	46,288	-	-	-	-	43,582
35-39	38,830	42,245	50,633	43,921	41,107	49,595	52,895	48,441	48,639	-	-	-	48,794
40-44	43,276	39,810	42,958	42,110	42,614	48,147	56,802	58,596	53,256	50,199	-	-	53,402
45-49	49,256	42,377	54,588	39,946	41,746	46,136	54,337	61,871	60,128	52,200	53,078	-	54,644
50-54	60,178	46,198	57,437	50,292	44,555	46,014	54,472	58,979	64,450	56,599	54,226	57,661	56,118
55-59	58,992	48,324	53,925	48,581	43,688	49,093	52,136	56,604	61,793	61,634	57,664	57,101	56,762
60-64	52,257	61,922	53,686	60,290	46,967	50,270	51,449	56,479	64,790	56,412	55,121	62,141	56,895
65 & Over	98,233	48,426	53,542	56,656	57,080	50,619	51,523	51,229	64,707	52,474	51,212	53,297	53,974
<b>Avg. Annual Compensation</b>	<b>41,732</b>	<b>40,177</b>	<b>46,864</b>	<b>43,301</b>	<b>41,735</b>	<b>46,892</b>	<b>53,666</b>	<b>57,618</b>	<b>61,144</b>	<b>56,581</b>	<b>55,605</b>	<b>58,772</b>	<b>52,601</b>



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

**Exhibit C-4f: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005  
Safety Plan A**

<b>Count</b>													
Age	Years of Service											Total Count	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
25-29	0	0	0	0	0	0	0	0	0	0	0	0	0
30-34	0	0	0	0	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0	0	0	0	0
40-44	0	0	0	0	0	0	0	0	0	0	0	0	0
45-49	0	0	0	0	0	0	0	0	0	6	3	2	11
50-54	0	0	0	0	0	0	0	0	4	158	152	31	345
55-59	0	0	0	0	0	0	2	1	2	70	182	48	305
60-64	0	0	0	0	0	0	0	0	0	1	3	7	11
65 & Over	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total Count</b>	0	0	0	0	0	0	2	1	6	235	340	88	672

<b>Compensation</b>													
Age	Years of Service											Average Comp.	
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34		35&Over
Under 25	-	-	-	-	-	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-	-	98,950	109,480	93,120	100,762
50-54	-	-	-	-	-	-	-	-	88,512	99,329	102,155	95,833	100,134
55-59	-	-	-	-	-	-	91,752	98,280	81,276	98,881	105,409	105,123	103,595
60-64	-	-	-	-	-	-	-	-	-	85,152	101,692	148,241	129,811
65 & Over	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Avg. Annual Compensation</b>	-	-	-	-	-	-	91,752	98,280	86,100	99,125	103,958	105,007	102,201



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## Los Angeles County Employees Retirement Association

### Exhibit C-4g: Age & Service Distribution of Active Members by Count and Average Compensation as of June 30, 2005 Safety Plan B

<b>Count</b>													
Age	Years of Service												Total Count
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	53	14	17	20	6	3	0	0	0	0	0	0	113
25-29	81	42	61	160	147	276	0	0	0	0	0	0	767
30-34	48	54	43	158	228	905	168	10	0	0	0	0	1,614
35-39	32	38	34	86	176	676	826	563	26	9	0	0	2,466
40-44	12	20	10	38	61	267	444	1,108	382	31	16	10	2,399
45-49	1	5	2	11	18	92	138	498	918	230	18	49	1,980
50-54	4	1	1	5	11	29	31	154	348	336	22	16	958
55-59	4	2	0	1	8	15	4	21	71	92	5	8	231
60-64	0	0	0	0	1	5	2	2	0	1	0	0	11
65 & Over	0	0	0	1	0	3	0	0	1	1	0	0	6
<b>Total Count</b>	235	176	168	480	656	2,271	1,613	2,356	1,746	700	61	83	10,545

<b>Compensation</b>													
Age	Years of Service												Average Comp.
	0-1	1-2	2-3	3-4	4-5	5-9	10-14	15-19	20-24	25-29	30-34	35&Over	
Under 25	48,348	45,045	42,992	51,972	55,232	58,176	-	-	-	-	-	-	48,401
25-29	51,799	48,372	53,519	58,177	62,062	64,432	-	-	-	-	-	-	59,592
30-34	53,985	54,720	57,057	60,313	65,693	70,158	76,726	78,964	-	-	-	-	67,955
35-39	57,674	57,819	59,329	65,404	69,641	73,148	80,210	82,837	83,575	88,904	-	-	76,745
40-44	56,908	60,140	58,812	65,304	68,303	74,094	81,583	85,739	90,519	85,906	90,276	93,492	83,263
45-49	58,668	55,430	70,236	68,157	68,961	74,882	83,291	87,751	91,054	97,247	97,467	93,112	89,304
50-54	65,244	59,700	76,548	73,747	71,666	77,717	83,839	86,185	90,053	97,498	93,634	90,349	91,110
55-59	81,189	44,244	-	94,680	78,001	87,133	74,565	85,240	87,179	92,282	94,229	90,394	88,317
60-64	-	-	-	-	159,552	109,618	98,172	151,278	-	79,896	-	-	116,949
65 & Over	-	-	-	67,224	-	100,744	-	-	95,352	71,232	-	-	89,340
<b>Avg. Annual Compensation</b>	53,286	53,650	55,186	60,967	66,568	71,326	80,567	85,523	90,471	96,043	93,933	92,363	79,297



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## Los Angeles County Employees Retirement Association

### Exhibit C-5: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005 All Plans

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	2	0	11	20	85	118	\$ 1,490
35-39	0	0	0	0	0	0	1	17	74	117	209	2,579
40-44	0	0	0	0	0	0	5	77	147	165	394	2,491
45-49	0	0	0	0	0	13	49	116	153	192	523	2,437
50-54	0	0	0	0	14	68	98	135	191	622	1,128	2,213
55-59	0	0	0	11	130	219	179	254	787	3,059	4,639	3,339
60-64	0	1	3	37	198	260	282	818	2,168	4,121	7,888	3,646
65-69	0	1	23	71	203	272	678	1,838	2,400	2,857	8,343	3,096
70-74	3	12	52	114	261	769	1,389	2,399	1,839	1,292	8,130	2,759
75-79	1	35	75	137	688	1,431	1,595	1,811	901	698	7,372	2,446
80-84	8	32	61	296	1,157	1,503	1,265	740	448	477	5,987	2,172
85-89	7	22	79	358	932	845	298	207	213	270	3,231	1,836
90-94	9	24	112	299	510	147	21	63	76	76	1,337	1,593
95-99	11	22	84	172	38	2	1	14	24	20	388	1,316
100 & Over	11	16	28	19	1	1	0	1	3	2	82	1,003
<b>Total Count</b>	50	165	517	1,514	4,132	5,532	5,861	8,501	9,444	14,053	<b>49,769</b>	
<b>Avg Monthly Benefit</b>	\$ 975	\$ 1,143	\$ 1,346	\$ 1,560	\$ 1,973	\$ 2,110	\$ 2,504	\$ 2,989	\$ 2,857	\$ 3,379		<b>\$ 2,766</b>

## Los Angeles County Employees Retirement Association

**Exhibit C-5a: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005  
General Plan A**

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	5	7	15	27	\$ 1,209
35-39	0	0	0	0	0	0	1	1	2	5	9	1,412
40-44	0	0	0	0	0	0	0	0	4	2	6	1,392
45-49	0	0	0	0	0	1	6	2	10	15	34	1,803
50-54	0	0	0	0	6	25	19	21	33	210	314	1,937
55-59	0	0	0	4	70	79	52	81	408	1,158	1,852	2,990
60-64	0	1	1	18	97	102	109	525	1,008	2,200	4,061	3,701
65-69	0	0	11	45	117	135	499	1,189	1,419	1,298	4,713	3,267
70-74	1	4	20	69	170	569	970	1,829	1,075	477	5,184	2,856
75-79	1	13	37	84	509	1,049	1,303	1,418	480	370	5,264	2,428
80-84	4	18	38	217	930	1,362	1,143	529	292	350	4,883	2,108
85-89	0	13	45	304	888	831	258	157	180	232	2,908	1,801
90-94	3	18	78	269	510	146	17	58	64	64	1,227	1,521
95-99	6	20	74	171	38	2	0	14	24	17	366	1,265
100 & Over	8	16	28	19	1	1	0	1	3	2	79	1,001
<b>Total Count</b>	23	103	332	1,200	3,336	4,302	4,377	5,830	5,009	6,415	<b>30,927</b>	
<b>Avg Monthly</b>	\$ 811	\$ 945	\$ 1,030	\$ 1,277	\$ 1,708	\$ 1,821	\$ 2,289	\$ 2,997	\$ 2,925	\$ 3,827		<b>\$ 2,658</b>

## Los Angeles County Employees Retirement Association

**Exhibit C-5b: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005  
General Plan B**

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	0	0	0	0	\$ -
35-39	0	0	0	0	0	0	0	0	0	0	0	-
40-44	0	0	0	0	0	0	0	0	0	0	0	-
45-49	0	0	0	0	0	0	0	1	1	0	2	1,962
50-54	0	0	0	0	0	0	1	2	1	9	13	2,078
55-59	0	0	0	0	0	3	4	4	11	29	51	1,531
60-64	0	0	0	0	0	2	3	6	18	51	80	2,312
65-69	0	0	0	0	0	2	3	7	21	60	93	2,607
70-74	0	0	0	0	0	2	12	18	41	18	91	1,985
75-79	0	0	0	0	0	3	11	34	19	13	80	1,574
80-84	0	0	0	0	0	1	19	13	5	5	43	1,248
85-89	0	0	0	0	0	4	5	2	2	3	16	734
90-94	0	0	0	0	0	0	0	0	0	0	0	-
95-99	0	0	0	0	0	0	0	0	0	0	0	-
100 & Over	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total Count</b>	0	0	0	0	0	17	58	87	119	188	<b>469</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862	\$ 842	\$ 1,351	\$ 1,838	\$ 2,705		<b>\$ 1,937</b>

## Los Angeles County Employees Retirement Association

**Exhibit C-5c: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005  
General Plan C**

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	0	0	0	0	\$ -
35-39	0	0	0	0	0	0	0	0	0	0	0	-
40-44	0	0	0	0	0	0	0	0	0	1	1	3,378
45-49	0	0	0	0	0	0	1	0	1	0	2	804
50-54	0	0	0	0	1	2	4	2	3	9	21	1,421
55-59	0	0	0	0	0	3	3	1	2	20	29	1,645
60-64	0	0	0	0	0	1	3	8	11	26	49	1,693
65-69	0	0	0	0	0	0	6	13	15	38	72	1,827
70-74	0	0	0	0	0	1	6	12	22	20	61	1,647
75-79	0	0	0	0	0	3	11	27	6	12	59	1,214
80-84	0	0	0	0	0	4	9	11	2	1	27	815
85-89	0	0	0	0	0	0	7	1	1	3	12	1,391
90-94	0	0	0	0	0	0	0	0	1	0	1	1,373
95-99	0	0	0	0	0	0	0	0	0	0	0	-
100 & Over	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total Count</b>	0	0	0	0	1	14	50	75	64	130	<b>334</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$ 1,244	\$ 721	\$ 755	\$ 1,071	\$ 1,573	\$ 2,147		<b>\$ 1,524</b>

## Los Angeles County Employees Retirement Association

### Exhibit C-5d: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005 General Plan D

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	2	5	21	28	\$ 880
35-39	0	0	0	0	0	0	0	3	5	18	26	1,350
40-44	0	0	0	0	0	0	0	11	31	45	87	1,574
45-49	0	0	0	0	0	2	6	17	37	46	108	1,711
50-54	0	0	0	0	1	4	15	30	52	214	316	1,313
55-59	0	0	0	0	0	0	16	44	155	368	583	1,594
60-64	0	0	0	0	0	7	15	58	201	467	748	1,775
65-69	0	0	0	0	0	4	22	65	194	525	810	1,722
70-74	0	0	0	0	0	1	18	69	245	308	641	1,497
75-79	0	0	0	0	0	7	17	104	157	91	376	1,215
80-84	0	0	0	0	1	8	24	58	39	29	159	1,238
85-89	0	0	0	0	0	1	5	18	3	4	31	905
90-94	0	0	0	0	0	0	0	2	0	1	3	759
95-99	0	0	0	0	0	0	0	0	0	0	0	-
100 & Over	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total Count</b>	0	0	0	0	2	34	138	481	1,124	2,137	<b>3,916</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$3,906	\$1,171	\$1,114	\$1,205	\$1,435	\$1,730		<b>\$ 1,556</b>



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## Los Angeles County Employees Retirement Association

**Exhibit C-5e: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005  
General Plan E**

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	0	2	3	5	\$ 686
35-39	0	0	0	0	0	0	0	0	0	2	2	556
40-44	0	0	0	0	0	0	0	0	0	2	2	443
45-49	0	0	0	0	0	0	0	0	0	3	3	502
50-54	0	0	0	0	0	0	0	0	4	11	15	670
55-59	0	0	0	0	0	0	0	1	8	494	503	613
60-64	0	0	0	0	0	0	0	3	254	642	899	956
65-69	0	0	0	0	0	0	1	102	345	844	1,292	1,408
70-74	0	0	0	0	0	1	43	151	397	394	986	1,238
75-79	0	0	0	0	0	8	45	184	190	125	552	1,019
80-84	0	0	0	0	0	6	57	104	67	40	274	843
85-89	0	0	0	0	0	7	23	19	9	5	63	830
90-94	0	0	0	0	0	1	4	0	2	1	8	479
95-99	0	0	0	0	0	0	1	0	0	0	1	110
100 & Over	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total Count</b>	0	0	0	0	0	23	174	564	1,278	2,566	<b>4,605</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 326	\$ 381	\$ 733	\$ 903	\$ 1,337		<b>\$ 1,102</b>



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## Los Angeles County Employees Retirement Association

**Exhibit C-5f: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005  
Safety Plan A**

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	2	0	1	3	8	14	\$ 1,322
35-39	0	0	0	0	0	0	0	1	1	3	5	4,185
40-44	0	0	0	0	0	0	0	2	0	2	4	3,242
45-49	0	0	0	0	0	2	2	2	3	5	14	3,505
50-54	0	0	0	0	6	26	28	25	52	71	208	3,555
55-59	0	0	0	7	60	127	88	103	172	904	1,461	5,501
60-64	0	0	2	19	101	145	150	208	664	694	1,983	5,579
65-69	0	1	12	26	86	131	146	459	403	89	1,353	5,039
70-74	2	8	32	45	91	194	338	316	58	73	1,157	4,449
75-79	0	22	38	53	179	361	206	43	49	87	1,038	3,879
80-84	4	14	23	79	226	121	13	25	43	52	600	3,678
85-89	7	9	34	54	44	2	0	10	18	23	201	2,920
90-94	6	6	34	30	0	0	0	3	9	10	98	2,614
95-99	5	2	10	1	0	0	0	0	0	3	21	2,267
100 & Over	3	0	0	0	0	0	0	0	0	0	3	1,044
<b>Total Count</b>	27	62	185	314	793	1,111	971	1,198	1,475	2,024	<b>8,160</b>	
<b>Avg Monthly Benefit</b>	\$ 1,115	\$ 1,473	\$ 1,913	\$ 2,643	\$ 3,081	\$ 3,345	\$ 4,303	\$ 5,066	\$ 5,558	\$ 6,484		<b>\$ 4,784</b>



## Los Angeles County Employees Retirement Association

### Exhibit C-5g: Distribution of Retired Members by Age and Retirement Year as of June 30, 2005 Safety Plan B

Age	Retirement Year										Total Count	Average Monthly Benefit
	Pre-1960	1960-64	1965-69	1970-74	1975-79	1980-84	1985-89	1990-94	1995-99	2000-05		
Under 35	0	0	0	0	0	0	0	3	3	38	44	\$2,194
35-39	0	0	0	0	0	0	0	12	66	89	167	2,809
40-44	0	0	0	0	0	0	5	64	112	113	294	2,785
45-49	0	0	0	0	0	8	34	94	101	123	360	2,701
50-54	0	0	0	0	0	11	31	55	46	98	241	2,766
55-59	0	0	0	0	0	7	16	20	31	86	160	3,455
60-64	0	0	0	0	0	3	2	10	12	41	68	3,058
65-69	0	0	0	0	0	0	1	3	3	3	10	2,895
70-74	0	0	0	0	0	1	2	4	1	2	10	1,465
75-79	0	0	0	0	0	0	2	1	0	0	3	1,382
80-84	0	0	0	0	0	1	0	0	0	0	1	897
85-89	0	0	0	0	0	0	0	0	0	0	0	-
90-94	0	0	0	0	0	0	0	0	0	0	0	-
95-99	0	0	0	0	0	0	0	0	0	0	0	-
100 & Over	0	0	0	0	0	0	0	0	0	0	0	-
<b>Total Count</b>	0	0	0	0	0	31	93	266	375	593	<b>1,358</b>	
<b>Avg Monthly Benefit</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,605	\$1,836	\$2,521	\$2,788	\$3,197		<b>\$2,822</b>



This work product was prepared solely for LACERA. It may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

## Los Angeles County Employees Retirement Association

### Appendix D: Member Contribution Rates

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This section illustrates the member normal contribution rates and the normal plus cost-of-living contribution rates by entry age.

## Los Angeles County Employees Retirement Association

### Exhibit D-1: Normal Member Contribution Rates

Entry Age	General				Safety	
	Plan A	Plan B	Plan C	Plan D	Plan A	Plan B
16	2.28%	4.56%	3.83%	3.83%	3.34%	6.67%
17	2.33%	4.67%	3.92%	3.92%	3.34%	6.67%
18	2.39%	4.77%	4.00%	4.00%	3.34%	6.67%
19	2.44%	4.88%	4.10%	4.10%	3.41%	6.82%
20	2.49%	4.99%	4.19%	4.19%	3.49%	6.97%
21	2.55%	5.10%	4.28%	4.28%	3.56%	7.13%
22	2.61%	5.21%	4.38%	4.38%	3.64%	7.29%
23	2.66%	5.33%	4.48%	4.48%	3.72%	7.45%
24	2.72%	5.45%	4.58%	4.58%	3.81%	7.61%
25	2.78%	5.57%	4.68%	4.68%	3.89%	7.78%
26	2.85%	5.69%	4.79%	4.79%	3.98%	7.96%
27	2.91%	5.82%	4.89%	4.89%	4.07%	8.14%
28	2.97%	5.95%	5.00%	5.00%	4.16%	8.32%
29	3.04%	6.08%	5.11%	5.11%	4.25%	8.51%
30	3.11%	6.22%	5.23%	5.23%	4.35%	8.70%
31	3.18%	6.36%	5.34%	5.34%	4.45%	8.90%
32	3.25%	6.50%	5.46%	5.46%	4.55%	9.11%
33	3.32%	6.65%	5.58%	5.58%	4.66%	9.31%
34	3.40%	6.80%	5.71%	5.71%	4.76%	9.52%
35	3.48%	6.95%	5.83%	5.83%	4.86%	9.72%
36	3.56%	7.11%	5.96%	5.96%	4.96%	9.92%
37	3.64%	7.27%	6.10%	6.10%	5.06%	10.13%
38	3.72%	7.44%	6.24%	6.24%	5.16%	10.32%
39	3.80%	7.60%	6.38%	6.38%	5.26%	10.51%
40	3.88%	7.76%	6.52%	6.52%	5.35%	10.70%
41	3.96%	7.93%	6.67%	6.67%	5.44%	10.89%
42	4.04%	8.09%	6.83%	6.83%	5.53%	11.06%
43	4.12%	8.24%	6.98%	6.98%	5.61%	11.23%
44	4.20%	8.40%	7.13%	7.13%	5.68%	11.37%
45	4.27%	8.55%	7.29%	7.29%	5.74%	11.48%
46	4.35%	8.69%	7.44%	7.44%	5.78%	11.55%
47	4.42%	8.83%	7.59%	7.59%	5.78%	11.56%
48	4.48%	8.97%	7.74%	7.74%	5.78%	11.56%
49	4.54%	9.08%	7.88%	7.88%	5.78%	11.56%
50	4.58%	9.17%	8.02%	8.02%	5.78%	11.56%
51	4.61%	9.23%	8.16%	8.16%	5.78%	11.56%
52	4.62%	9.24%	8.29%	8.29%	5.78%	11.56%
53	4.62%	9.24%	8.41%	8.41%	5.78%	11.56%
54	4.62%	9.24%	8.52%	8.52%	5.78%	11.56%
55	4.62%	9.24%	8.61%	8.61%	5.78%	11.56%
56	4.62%	9.24%	8.66%	8.66%	5.78%	11.56%
57	4.62%	9.24%	8.67%	8.67%	5.78%	11.56%
58	4.62%	9.24%	8.67%	8.67%	5.78%	11.56%
59	4.62%	9.24%	8.67%	8.67%	5.78%	11.56%
60	4.62%	9.24%	8.67%	8.67%	5.78%	11.56%

*\*For general members entering after age 60, the rate equals the rate at age 60. Likewise, for Safety members entering after age 50, the rate equals the rate at age 50.*

## Los Angeles County Employees Retirement Association

### Exhibit D-2: Normal Plus Cost-of-Living Member Contribution Rates

Entry Age	General				Safety	
	Plan A	Plan B	Plan C	Plan D	Plan A	Plan B
16	4.06%	5.56%	4.74%	4.63%	6.69%	8.73%
17	4.15%	5.70%	4.85%	4.74%	6.69%	8.73%
18	4.26%	5.82%	4.95%	4.84%	6.69%	8.73%
19	4.35%	5.95%	5.07%	4.96%	6.83%	8.92%
20	4.44%	6.09%	5.19%	5.07%	6.99%	9.12%
21	4.55%	6.22%	5.30%	5.18%	7.13%	9.33%
22	4.65%	6.35%	5.42%	5.30%	7.29%	9.54%
23	4.74%	6.50%	5.54%	5.42%	7.45%	9.75%
24	4.85%	6.65%	5.67%	5.54%	7.63%	9.96%
25	4.96%	6.79%	5.79%	5.66%	7.79%	10.18%
26	5.08%	6.94%	5.93%	5.79%	7.97%	10.42%
27	5.19%	7.10%	6.05%	5.92%	8.15%	10.65%
28	5.29%	7.26%	6.19%	6.05%	8.33%	10.89%
29	5.42%	7.42%	6.32%	6.18%	8.51%	11.14%
30	5.54%	7.59%	6.47%	6.33%	8.71%	11.38%
31	5.67%	7.76%	6.61%	6.46%	8.91%	11.65%
32	5.79%	7.93%	6.76%	6.61%	9.11%	11.92%
33	5.92%	8.11%	6.91%	6.75%	9.33%	12.18%
34	6.06%	8.29%	7.07%	6.91%	9.53%	12.46%
35	6.20%	8.48%	7.21%	7.05%	9.73%	12.72%
36	6.35%	8.67%	7.38%	7.21%	9.93%	12.98%
37	6.49%	8.87%	7.55%	7.38%	10.13%	13.26%
38	6.63%	9.07%	7.72%	7.55%	10.33%	13.50%
39	6.77%	9.27%	7.90%	7.72%	10.53%	13.75%
40	6.92%	9.46%	8.07%	7.89%	10.71%	14.00%
41	7.06%	9.67%	8.25%	8.07%	10.89%	14.25%
42	7.20%	9.87%	8.45%	8.26%	11.07%	14.47%
43	7.35%	10.05%	8.64%	8.44%	11.23%	14.70%
44	7.49%	10.24%	8.82%	8.63%	11.37%	14.88%
45	7.61%	10.43%	9.02%	8.82%	11.49%	15.02%
46	7.76%	10.60%	9.21%	9.00%	11.57%	15.11%
47	7.88%	10.77%	9.39%	9.18%	11.57%	15.13%
48	7.99%	10.94%	9.58%	9.36%	11.57%	15.13%
49	8.09%	11.07%	9.75%	9.53%	11.57%	15.13%
50	8.17%	11.18%	9.92%	9.70%	11.57%	15.13%
51	8.22%	11.26%	10.10%	9.87%	11.57%	15.13%
52	8.24%	11.27%	10.26%	10.03%	11.57%	15.13%
53	8.24%	11.27%	10.41%	10.17%	11.57%	15.13%
54	8.24%	11.27%	10.54%	10.31%	11.57%	15.13%
55	8.24%	11.27%	10.65%	10.42%	11.57%	15.13%
56	8.24%	11.27%	10.72%	10.48%	11.57%	15.13%
57	8.24%	11.27%	10.73%	10.49%	11.57%	15.13%
58	8.24%	11.27%	10.73%	10.49%	11.57%	15.13%
59	8.24%	11.27%	10.73%	10.49%	11.57%	15.13%
60	8.24%	11.27%	10.73%	10.49%	11.57%	15.13%

*\*For general members entering after age 60, the rate equals the rate at age 60. Likewise, for Safety members entering after age 50, the rate equals the rate at age 50.*

## Los Angeles County Employees Retirement Association

### Appendix E: Glossary

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The following definitions include excerpts from a list adopted by the major actuarial organizations in the United States. In some cases, the definitions have been modified for specific applicability to LACERA and include terms used exclusively by LACERA. Defined terms are capitalized throughout this Appendix.

<b>Accrued Benefit</b>	The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.
<b>Actuarial Accrued Liability</b>	That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.
<b>Actuarial Assumptions</b>	Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.
<b>Actuarial Gain (Loss)</b>	A measure of the difference between actual experience and that expected based on a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.
<b>Actuarial Present Value</b>	The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.
<b>Actuarial Valuation</b>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.
<b>Actuarial Value of Assets</b>	The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.
<b>Actuarially Equivalent</b>	Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.
<b>Amortization Payment</b>	That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

<b>Contingency Reserve</b>	Reserves accumulated for future earning deficiencies, investment losses, and other contingencies. Additions include investment income and other revenues; deductions include investment expense, administrative expense, interest allocated to other reserves, funding the STAR Reserve, and distributions to the Contribution Credit Reserve. The Contingency Reserve is used to satisfy the California Government Code requirement for (31592 and 31592.2) LACERA to reserve 1% of the assets against earning deficiencies, investment losses, and other contingencies.
<b>County Contribution Credit Reserve</b>	The accumulated balance of the County's proportionate share of excess earnings as stipulated in Retirement System Funding Agreement between LACERA and the County. Additions include distributions from excess earning during the fiscal years ending 1994 through 1998 and related earnings. Deductions include payments, as the County authorizes, for future employer contributions due LACERA and for funding a portion of the Retiree Healthcare Program under the provisions of Internal Revenue Code 401(h).
<b>Employer Reserve</b>	The accumulation of employer contributions for future retirement benefit payments. Additions include contributions from employers and related earnings. Deductions include annuity payments to retired members and survivors, lump sum death benefit payments to member survivors, and supplemental disability payments.
<b>Entry Age Actuarial Cost Method</b>	A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.
<b>Funded Ratio</b>	A measurement of the funded status of the system. The Funded Ratio is calculated by dividing the Valuation Assets by the Actuarial Accrued Liability. For example, a Funded Ratio of 90% indicates assets are 10% less than liabilities.
<b>Member Reserve</b>	The accumulation of member contributions. Additions include member contributions and related earnings. Deductions include annuity payments to retirees and refunds to members.
<b>Non-Valuation Reserves</b>	Reserves excluded from the calculation of contribution rates, including the Contingency Reserve, the STAR reserve, the County Contribution Credit Reserve, and any other reserves specifically excluded by the Board of Investments.

<b>Normal Cost</b>	That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.
<b>Open Amortization Period</b>	As discussed in the Actuarial Cost Method section of Appendix C, LACERA uses an open (often referred to as “rolling”) 30-year amortization period. That is, the amortization begins again or is recalculated at each valuation date. This is as opposed to a closed (or “fixed”) amortization period which is a specific number of years that is counted from one date and declines to zero with the passage of time.
<b>Plan Year</b>	A twelve-month period beginning July 1 and ending June 30.
<b>Projected Benefits</b>	Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.
<b>STAR Reserve</b>	Reserves accumulated for the payment of cost-of-living benefits as defined in California Government Code Section 31874.3.
<b>Supplemental Targeted Adjustment for Retirees (STAR) Benefits</b>	Supplemental cost-of-living payments to retired members to restore purchasing power at a specified percentage level, as described in California Government Code Section 31874.3.
<b>Surplus Funding</b>	The excess, if any, of the Actuarial Value of Assets over the Actuarial Accrued Liability. Standard actuarial terminology defines this as the “Funding Excess”. LACERA uses the term “Surplus Funding”.
<b>Unfunded Actuarial Accrued Liability</b>	The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.
<b>Valuation Date</b>	The date upon which the Normal Cost, Actuarial Accrued Liability, and Actuarial Value of Assets are determined. Generally, the Valuation Date will coincide with the ending of a Plan Year.
<b>Valuation Reserves</b>	All reserves excluding the Non-Valuation Reserves.