



**THE CITY OF LOS ANGELES
FIRE AND POLICE
PENSION PLAN**

*Actuarial Valuation
As Of June 30, 2000*

June 19, 2001

Board of Fire and Police Pension Commissioners
City of Los Angeles
Fire and Police Pension Plan
360 East Second Street, Suite 600
Los Angeles, California 90012

Members of the Board:

We are pleased to present our actuarial valuation report as of June 30, 2000 for the following plans:

- Fire and Police Pension Plans – Tier 1
- Fire and Police Pension Plans – Tier 2
- Fire and Police Pension Plans – Tier 3
- Fire and Police Pension Plans – Tier 4

This report is divided into three parts:

- I. Valuation Summary: This section contains an overview of significant valuation results.
- II. Valuation Detail: This section contains more detailed results of the valuation.
- III. Exhibits: This section contains information on plan demographics, plan provisions, and actuarial assumptions used in the valuation.

We appreciate the opportunity to serve the Board of Fire and Police Pension Commissioners as actuary for the Fire and Police Pension Plans.

Sincerely,



Lawrence B. Di Fiore, FSA
Consulting Actuary



Michael G. McMahan, EA
Actuarial Analyst

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Actuarial Valuation As Of June 30, 2000

Table of Contents

	<u>Page No.</u>
A. VALUATION SUMMARY	
Introduction.....	1
Discussion of Valuation Results.....	4
Summary of Significant Valuation Results	6
Budget Requirements.....	9
Funded Status at June 30, 2000	18
Summary of Plan Funding.....	22
B. VALUATION DETAIL	
Plan Membership	24
Plan Assets at June 30, 2000.....	30
GASB No. 25 Disclosure	34
<i>I. Valuation of Retirement Benefits</i>	
Actuarial Balance Sheet.....	37
Budget and Recommended Contributions.....	42
Member Contributions	48
Gain and Loss Analysis.....	49
<i>II. Valuation of Health Subsidy Benefits</i>	
Introduction.....	56
Health Subsidy Reserve	58
Actuarial Balance Sheet.....	59
Budget and Recommended Contributions.....	64
Assumptions and Methods.....	69

C. EXHIBITS

- Exhibit I:Summary of Pension Benefits
- Exhibit II:Summary of Health Subsidy Benefits
- Exhibit III:.....Summary of Actuarial Assumptions and Methods used For Valuation of Pension Benefits
- Exhibit IV:Summary of Actuarial Assumptions and Methods Used For Valuation of Health Subsidy Benefits
- Exhibit V:.....Rates of Separation from Active Service
- Exhibit VI:Age/Service/Salary Distribution for Active Members as of June 30, 2000
- Exhibit VII:.....Age/Benefit Distribution of Pensioners as of June 30, 2000
- Exhibit VIII:Age/Health Subsidy Benefit Distribution of Pensioners as of June 30, 2000

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Valuation Summary

Table of Contents

	<u>Page No.</u>
Introduction.....	1
Discussion of Valuation Results	4
Summary of Significant Valuation Results	6
Budget Requirements.....	9
Funded Status at June 30, 2000	18
Summary of Plan Funding	22

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Actuarial Valuation As Of June 30, 2000

Introduction

Members of the Los Angeles Fire and Police Departments and their beneficiaries are entitled to pension, disability, and survivor benefits under Articles XVII, XVIII, and XXXV of the Charter of the City of Los Angeles, and post-retirement health subsidy benefits under sections 189, 190.50 and 536 of the City Charter, and by related Ordinance.

Article XVII, the Fire and Police Pension System, covers employees hired before January 29, 1967, except those who elected to transfer to the New Pension System.

Article XVIII, the New Pension System, covers employees hired after January 28, 1967, and before December 8, 1980 (except those who were hired before January 28, 1967 and elected to transfer from the Fire and Police Pension System).

Article XXXV, the Safety Members Pension Plan, covers employees hired on or after December 8, 1980. The plan also covers those certified paramedics and civilian ambulance employees who transferred from the City Employees' Retirement Plan during the year ending June 30, 1983, or have since been hired.

Effective July 1, 1997, a new tier was established for Article XXXV. Active Members hired prior to July 1, 1997 could elect to join the new tier, which has eligibility for service retirement requirements similar to Article XVIII, as of July 1, 1997. Members hired after July 1, 1997 will automatically be covered under the new tier of Article XXXV, except Members hired between July 1, 1997 and December 31, 1997 who can elect to transfer to the old tier.

Changes to the Charter of the City of Los Angeles, effective July 1, 2000 renamed the above Articles as provided by Sections 1300, 1400, 1500 and 1600. The plan name changes are as follows:

Former Name

Name Effective July 1, 2000

- | | |
|---|--|
| • Fire and Police Pension System
(Article XVII) | Fire and Police Pension Plans – Tier 1 |
| • New Pension System (Article XVIII) | Fire and Police Pension Plans – Tier 2 |
| • Safety Members Pension Plan
(Article XXXV, Plan 1) | Fire and Police Pension Plans – Tier 3 |
| • Safety Members Pension Plan
(Article XXXV, Plan 2) | Fire and Police Pension Plans – Tier 4 |

In addition, the change to the City Charter requires separate contribution calculations for Tier 3 and Tier 4. Previously, the recommended contribution amounts for Article XXXV, Plan 1 and Article XXXV, Plan 2 had been combined.

In this report, we have used the new nomenclature and shown separate results for Tiers 3 and 4, as appropriate.

This report contains the results of the June 30, 2000 valuation of both the Pension and Health Subsidy benefits of the Plan. It contains the results of our calculations of the annual budget of the Plan, as provided in Sections 186.2(1), (2) and (3), 190.09(1), (2) and (3), and 528(1), (2) and (3) of the Charter. It also contains the funded status and disclosure information required under Government Accounting Standards Board (GASB) Statements Number 25, 26 and 27.

Actuarial Assumptions

The valuation results were based on the demographic and economic assumptions adopted as a result of the study of Plan experience made as of June 30, 1998.

The following economic assumptions were unchanged since the last valuation.

- 8.5% annual interest,
- 5.0% annual increases in total Plan payroll,
- 5.0% annual increases in the Consumer Price Index. Where the annual increase in benefits is capped at 3%, for Tiers 3 and 4 benefits, this cap was reflected in our calculations, and
- Individual salary increase assumption, which varies by age, ranging from 10% for Members under age 25, to 5.5% for Members age 50 and over, and averages 6.5% per year over a full 30-year career.

We also assume that future health subsidy benefits paid to retired Members will increase each year at certain rates. These health subsidy benefit increases were unchanged since the last valuation.

We believe these assumptions are appropriate for use in the evaluation of the liabilities of the Fire and Police Pension Plan at June 30, 2000. These assumptions are described in more detail in Exhibits III and IV.

Plan Provisions

This valuation incorporates two changes to the plan provision since the last valuation.

- Domestic partners are now eligible for surviving spouse benefits.
- Health Subsidy benefits now continue to eligible surviving spouses/domestic partners upon the death of the Member.

CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Discussion of Valuation Results

This section discusses the significant results presented in this report and observations on issues facing the Plans.

Funded Status

The actuarial funded ratio for all benefits, both pension and health subsidy combined, increased from 102.1% to 110.7%. This equates to an actuarial surplus of over one billion dollars. This increase in funded ratio is primarily due to continued returns on assets that are greater than the expected rate of 8.5%, as well as lower than expected cost-of-living increases.

On a market value basis the funded ratio would be 125% for Pension and Health Subsidy benefits combined. This is because the asset method used for the Plans phases in asset gains or losses over a period of five years. Since there have been significant asset gains in each of the last five years, a sizeable amount of assets has yet to be fully included in the actuarial value of assets.

Contributions

The total City contribution recommended for 2001-2002 is as expected much less than that recommended contribution for 2000-2001. This is due to the large increase in the surplus for Tier 2. For Tier 2, the amortization of the surplus is estimated to completely offset the City's normal cost contribution for 2001-2002, resulting in no Tier 2 contributions. Tier 2 Members are still required to make contributions as specified by the City Charter.

The City's contribution for all Tiers should continue to decrease over the next five as the past asset gains are phased in, unless there are actuarial losses, improvement to benefits, or decreases in the Members' contribution rate.

Changes to Plan Provisions

There were two changes to the Plan provisions since the last valuation;

- providing surviving spouse benefits to domestic partners, and
- providing health subsidy benefits to surviving spouses.

The benefits to domestic partners had minimal effect on the funded status or recommended contribution.

The health subsidy for surviving spouses' provisions had a notable effect on the Plans. This benefit improvement caused an increase in the UAAL of almost \$100 million, and increased the present value of future benefits by 13%. The benefit improvement caused the actuarial funded ratio for Health Subsidy Benefits to decrease from 74.8% to 65.6% as of June 30, 2000.

Tier 3 and Tier 4

The City Charter separates the two Plans of Article XXXV into Tiers 3 and 4 as of July 1, 2000.

For the purpose of determining the contributions for the 2001-2002 Plan year, it was necessary to determine the Unfunded Actuarial Accrued Liability for both Tier 3 and Tier 4 as separate Plans. This was done by first prorating the actuarial value of assets as of June 30, 2000 between the two Tiers on their respective actuarial accrued liability. The UAAL is the difference between each Tier's actuarial accrued liability and their prorated assets. This methodology results in each Tier having the same funded ratios.

Demographics

The most significant change in the Plan's demographics is a decrease of 1.7% in the active membership. This was caused by a 313 Member decrease in the number of Police Members. The number of Members receiving a pension increased by 242.

CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Actuarial Valuation As Of June 30, 2000

Summary of Significant Valuation Results					
	Tier 1	Tier 2	Tier 3	Tier 4	Total
I. Total Membership					
A. Active Members					
• Fire	0	1,192	1,111	715	3,018
• Police	<u>2</u>	<u>1,786</u>	<u>5,509</u>	<u>2,063</u>	<u>9,360</u>
• Total	2	2,978	6,620	2,778	12,378
B. Pensioners					
• Service Retirement	384	6,532	39	0	6,955
• Disability Retirement	322	1,913	143	0	2,378
• Surviving Spouses and Dependents	<u>798</u>	<u>1,428</u>	<u>53</u>	<u>0</u>	<u>2,279</u>
Total Pensioners	1,504	9,873	235	0	11,612
C. Total Membership	1,506	12,851	6,855	2,778	23,990
II. Annual Salary at June 30, 2000					
A. Total					
• Fire	0	93,422,331	74,753,109	43,534,855	211,710,295
• Police	<u>142,645</u>	<u>139,665,278</u>	<u>342,498,903</u>	<u>118,892,679</u>	<u>601,199,505</u>
• Total	142,645	233,087,609	417,252,012	162,427,534	812,909,800
B. Average					
• Fire	0	78,374	67,285	60,888	70,149
• Police	71,323	78,200	62,171	57,631	64,231
• Total	71,323	78,270	63,029	58,469	65,674
III. Average Monthly Benefit to Current Pensioners and Beneficiaries at June 30, 2000					
A. Service Retirement	\$1,634	\$3,355	2,697	0	3,256
B. Disability Retirement	1,886	3,282	2,282	0	3,033
C. Surviving Spouses and Dependents	1,933	2,852	3,000	0	2,533
D. All Pensioners	1,846	3,268	2,513	0	3,069

Summary of Significant Valuation Results

	Tier 1	Tier 2	Tier 3	Tier 4	Total
IV. Average Monthly Health Subsidy Benefits to Current Pensioners	\$203	\$305	\$249	\$0	\$296
V. Actuarial Value of Assets Available for					
A. Pension Benefits	\$(3,962,536)	\$9,200,273,905	\$1,305,504,310	\$484,120,527	\$10,985,936,206
B. Health Subsidy	<u>3,973,622</u>	<u>291,194,399</u>	<u>166,316,467</u>	<u>57,756,085</u>	<u>519,240,573</u>
C. Total	\$11,086	\$9,491,468,304	\$1,471,820,777	\$541,876,612	\$11,505,176,779
VI. Unfunded/(Surplus) Actuarial Accrued Liability					
A. Pension Benefits	\$296,091,676	\$(1,381,032,743)	(216,525,256)	\$(80,296,206)	\$(1,381,762,529)
B. Health Subsidy	<u>11,127,391</u>	<u>301,951,721</u>	<u>(30,397,362)</u>	<u>(10,584,361)</u>	<u>272,097,389</u>
C. Total	\$307,219,067	\$(1,079,081,022)	\$(246,922,618)	\$(90,880,567)	(1,109,665,140)
VII. Actuarial Funded Ratio					
A. Pension Benefits	-1.4%	117.7%	119.9%	119.9%	114.4%
B. Health Subsidy	26.3%	49.1%	122.4%	122.4%	65.6%
C. Total	0.0%	112.8%	120.2%	120.2%	110.7%
VIII. Budget Items					
A. Pension Benefits					
1. Normal Cost as a Percent of Pay	18.275%*	22.729%*	14.498%*	13.493%*	
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$27,585,716	(8.077%**)	(4.491%*)	(4.278%*)	
B. Health Subsidy Benefits					
1. Normal Cost as a Percent of Pay	0.129%*	1.257%*	3.084%*	3.122%*	
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$1,036,696	1.766%**	(1.233%*)	(1.101%*)	

Summary of Significant Valuation Results					
	Tier 1	Tier 2	Tier 3	Tier 4	Total
C. Total Contribution (A+B)					
1. Normal Cost as a Percent of Pay	18.404%*	23.986%*	17.582%*	16.615%*	
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability	\$28,622,412	(6.311%)**	(5.724%)*	(5.379%)*	
*Applied to payroll for this Tier only.					
**Applied to payroll for all four Tiers.					

CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Budget Requirements

Generally an actuarial cost method assigns a particular level of cost to each year of a Member's service. Each year's cost is called the normal cost and represents the unit of cost allocated to that year. The Entry Age Normal Cost Method produces an annual cost that is level as a percentage of a Member's annual salary.

The concept of "actuarial accrued liability" is the amount of money that should have been accumulated for a Member who has been with the Plan a period of time. Stated another way, the actuarial accrued liability is the amount of funds that would now exist for that Member, if under the cost method being used, the Plan had always contributed the calculated normal cost each prior year.

When the value of the assets (as calculated using the Plans' Asset Valuation Method) is less than the actuarial accrued liability there exists an unfunded actuarial accrued liability (UAAL). If the assets exceed the actuarial accrued liability, a surplus exists.

The Charter of the City of Los Angeles requires that budget amounts for Tiers 1, 2, 3, and 4 be determined using the Entry Age Normal Cost Method. The required contribution is made up of two parts:

- The Normal Cost, or the level percentage of salary each year necessary to fund participants' plan benefits from date of employment to date of retirement.
- The payment to amortize the Unfunded Actuarial Accrued Liability. The method of amortization varies between Tiers.

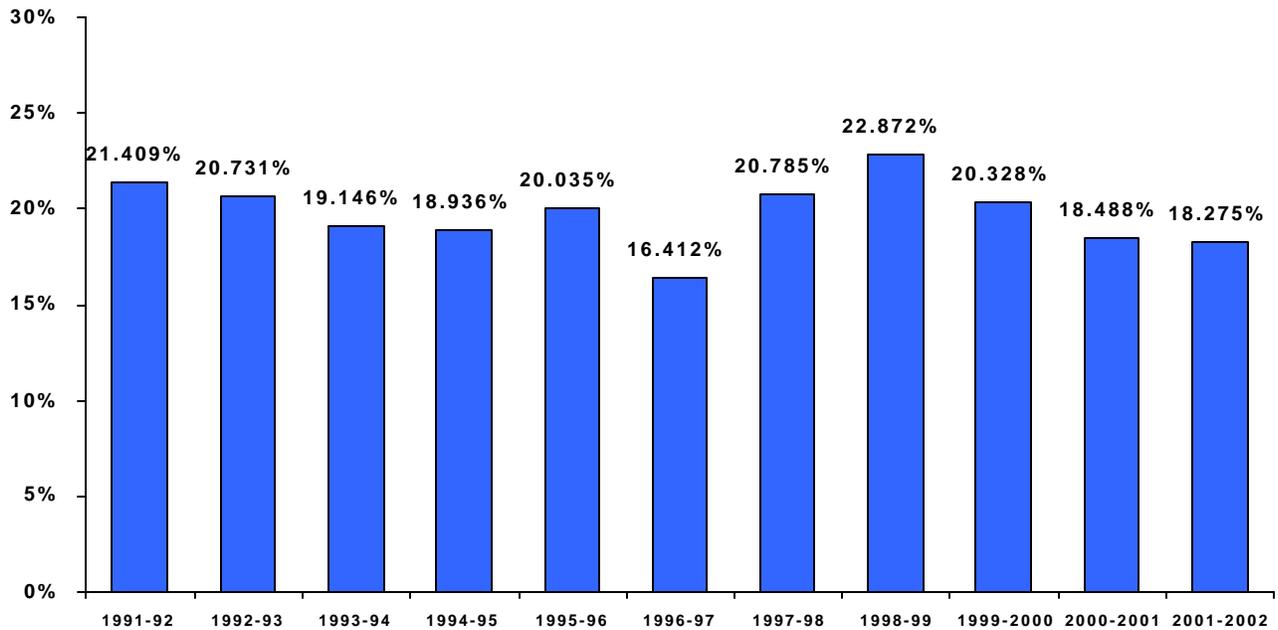
On the following pages, we present a summary of 2001-2002 budget requirements for Tiers 1, 2, 3, and 4, along with comparisons to the budget figures for 2000-2001 (from our June 30, 1999 valuation).

An analysis of the change in contributions for each Article can be found in the gain and loss analysis later in this report.

**The Fire And Police Pension Plans, Tier 1
Budget Amounts For Pension Benefits**

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	18.275%	18.488%	-1.2%
2. Amortization of Unfunded Actuarial Accrued Liability	\$27,585,716	\$28,948,703	-4.7%
<i>*Percentage is applied to Tier 1 payroll.</i>			

**TIER 1
NORMAL COST PERCENTAGE
PENSION BENEFITS**

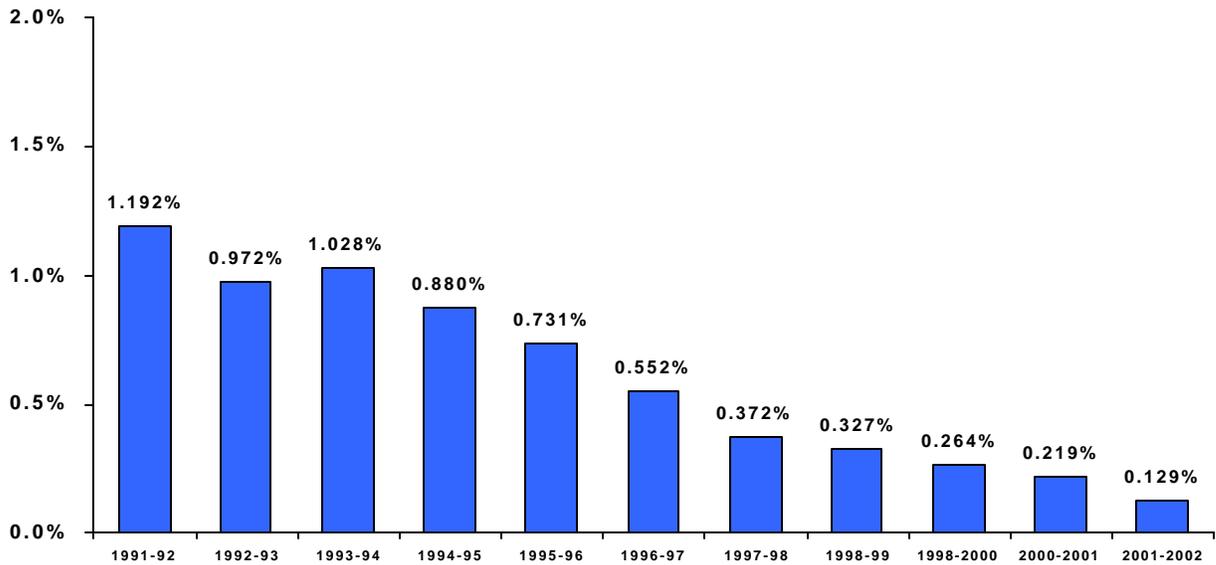


**The Fire and Police Pension Plans, Tier 1
Budget Amounts for Health Subsidy Benefits**

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	0.129%	0.219%	-41.0%
2. Amortization of Unfunded Actuarial Accrued Liability	\$1,036,696	\$425,623	+143.6%

**Percentage is applied to Tier 1 payroll.*

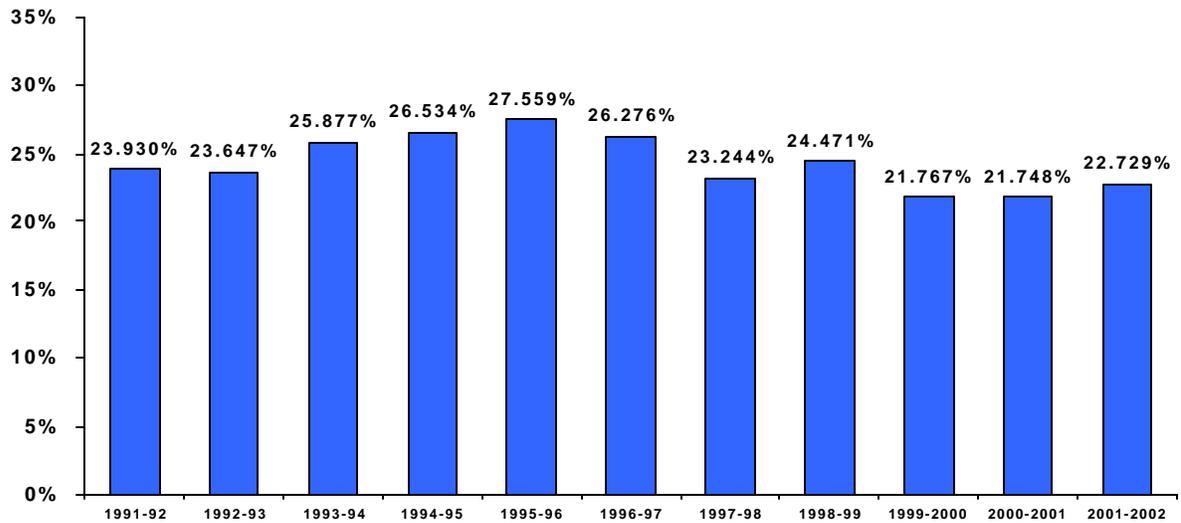
**TIER 1
NORMAL COST PERCENTAGE
HEALTH SUBSIDY BENEFITS**



**The Fire and Police Pension Plans, Tier 2
Budget Amounts For Pension Benefits**

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	22.729%	21.748%	+4.5%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Payroll**	(8.077%)	(3.124%)	-158.5%
* Percentage is applied to Tier 2 payroll only.			
** Percentage is applied to total payroll of Tiers 1, 2, 3, and 4 per City Charter.			

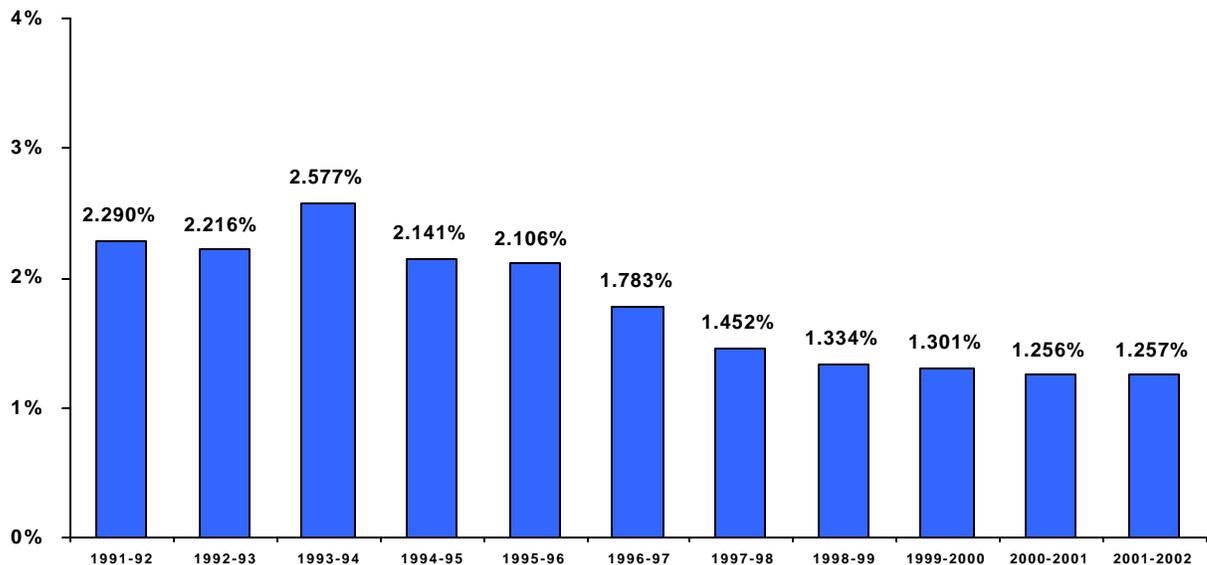
**TIER 2
NORMAL COST PERCENTAGE
PENSION BENEFITS**



**The Fire and Police Pension Plans, Tier 2
Budget Amounts for Health Subsidy Benefits**

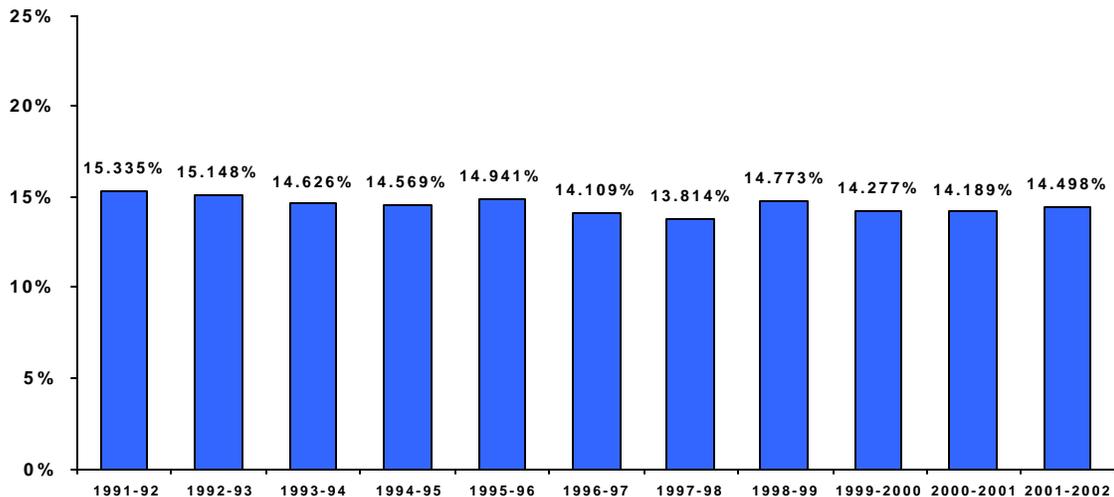
	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	1.257%	1.256%	+0.1%
2. Amortization of Unfunded Actuarial Accrued Liability, as a Percent of Payroll**	1.766%	1.539%	+14.8%
* Percentage is applied to Tier 2 payroll only.			
** Percentage is applied to total payroll of Tiers 1, 2, 3, and 4, per City Charter.			

**TIER 2
NORMAL COST PERCENTAGE
FOR HEALTH SUBSIDY**



The Fire and Police Pension Plans, Tier 3 Budget Amounts For Pension Benefits				
		Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1.	Entry Age Normal Cost Funded by City, as a Percent of Payroll*	14.498%	14.189%	+2.2%
2.	Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Payroll*	(4.491%)	(3.383%)	-32.8%
3.	Total Contributions, as a Percent of Payroll*	10.007%	10.806%	-7.4%
*Percentage is applied to Tier 3 payroll.				
**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.				

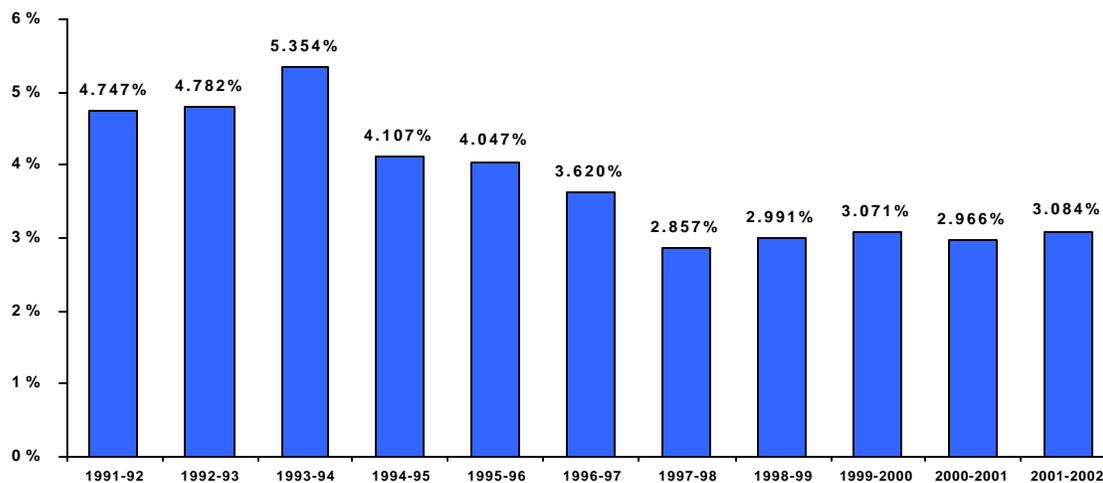
TIER 3 NORMAL COST PERCENTAGE PENSION BENEFITS



**The Fire and Police Pension Plans, Tier 3
Budget Amounts for Health Subsidy Benefits**

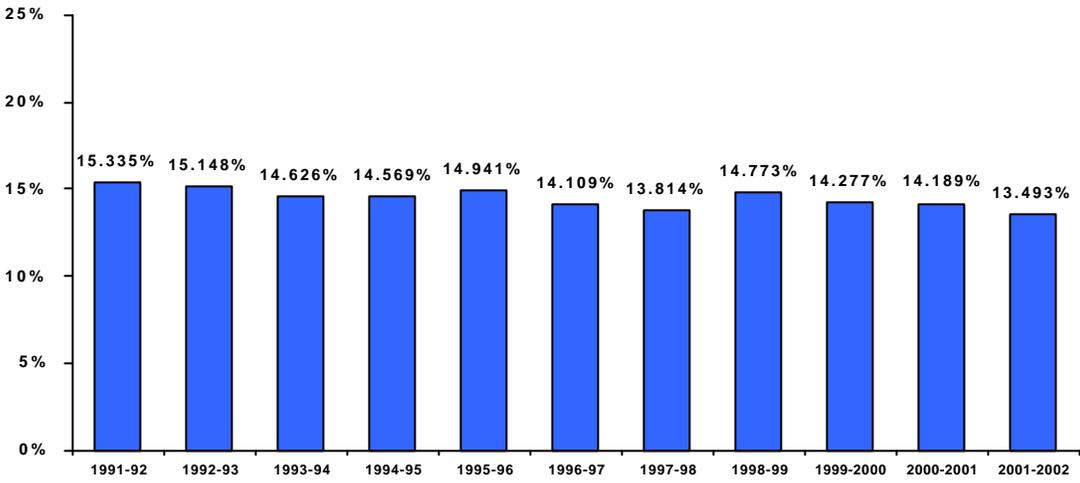
	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	3.084%	2.966%	+4.0%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Payroll*	(1.233%)	(1.088%)	-13.3%
3. Total Contribution, as a Percent of Payroll*	1.851%	1.878%	-1.4%
<i>*Percentage is applied to Tier 3 payroll.</i>			
<i>**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.</i>			

**TIER 3
NORMAL COST PERCENTAGE
HEALTH SUBSIDY BENEFITS**



The Fire and Police Pension Plans, Tier 4 Budget Amounts For Pension Benefits				
		Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1.	Entry Age Normal Cost Funded by City, as a Percent of Payroll*	13.493%	14.189%	-4.9%
2.	Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Payroll*	(4.278%)	(3.383%)	-26.5%
3.	Total Contributions, as a Percent of Payroll*	9.215%	10.806%	-14.7%
<p><i>*Percentage is applied to Tier 4 payroll.</i></p> <p><i>**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.</i></p>				

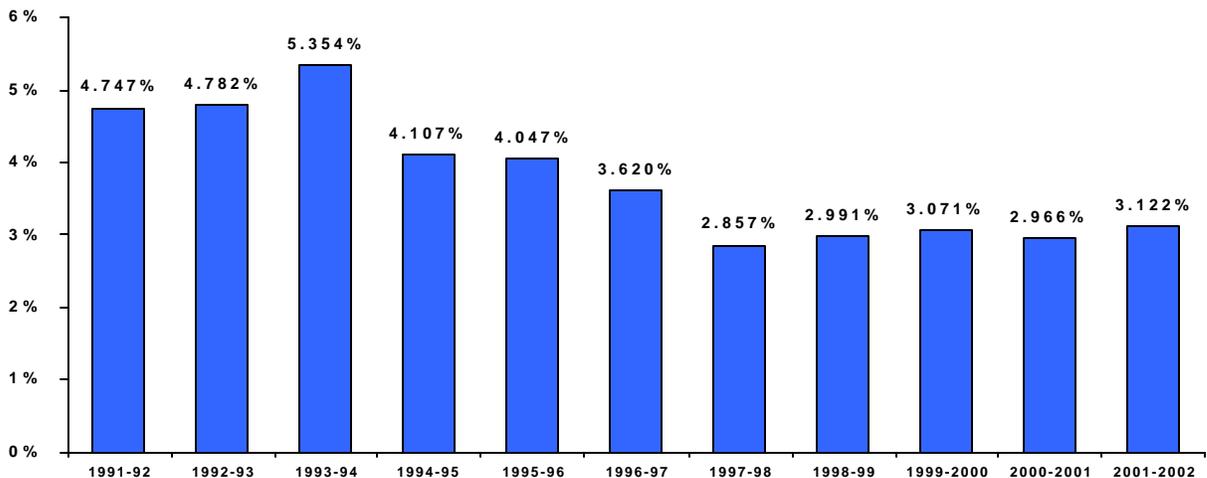
**TIER 4
NORMAL COST PERCENTAGE
PENSION BENEFITS**



**The Fire and Police Pension Plans, Tier 4
Budget Amounts for Health Subsidy Benefits**

	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. Entry Age Normal Cost Funded by City, as a Percent of Payroll*	3.122%	2.966%	+5.3%
2. Amortization of Unfunded/(Surplus) Actuarial Accrued Liability, as a Percent of Payroll*	(1.101%)	(1.088%)	-1.2%
3. Total Contribution, as a Percent of Payroll*	2.021%	1.878%	+7.7%
<i>*Percentage is applied to Tier 4 payroll.</i>			
<i>**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.</i>			

**TIER 4
NORMAL COST PERCENTAGE
HEALTH SUBSIDY BENEFITS**



CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Funded Status At June 30, 2000

In order to assess the funded status of the Plans, disclosure of a standardized measure of pension liability is required by the Government Accounting Standards Board (GASB). In late 1994, the GASB Board issued GASB Statement No. 25 - *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* effective June 15, 1996, GASB Statement No. 26 - *Financial Reporting for Post Employment Healthcare Plans Administered by Defined Benefit Pension Plans* effective June 15, 1996 and GASB Statement No. 27 - *Account for Pensions by State and Local Government Employees*, effective June 15, 1998. The new statements supersede GASB Statement No. 5. The disclosures under the new statements are presented in this valuation report. Under the new statements, the measure of funded status compares the actuarial accrued liability under the plan's funding method as of June 30, 2000 to the value of accumulated plan assets. For pensioners and beneficiaries, the present value of remaining benefit payments is disclosed. For active members, the actuarial accrued liability as of June 30, 2000 is disclosed.

Under GASB Statement No. 12, *Disclosure of Information on Post Employment Benefits Other Than Pensions by State and Local Government Employers*, issued in November 1989, the expenditures and expenses for the period are the only financial information that needs to be disclosed for postretirement health subsidy benefits. However, the statement encourages more complete disclosures of information, if available. Therefore, we have included a GASB No. 25 figure for the health subsidy benefits of the Plan in this report, as if GASB No. 25 applied to health subsidy benefits.

On the next pages, we present the funded status of Tiers 1, 2, 3, and 4 combined under GASB No. 25, along with a comparison of the Plans' funded status in prior years.

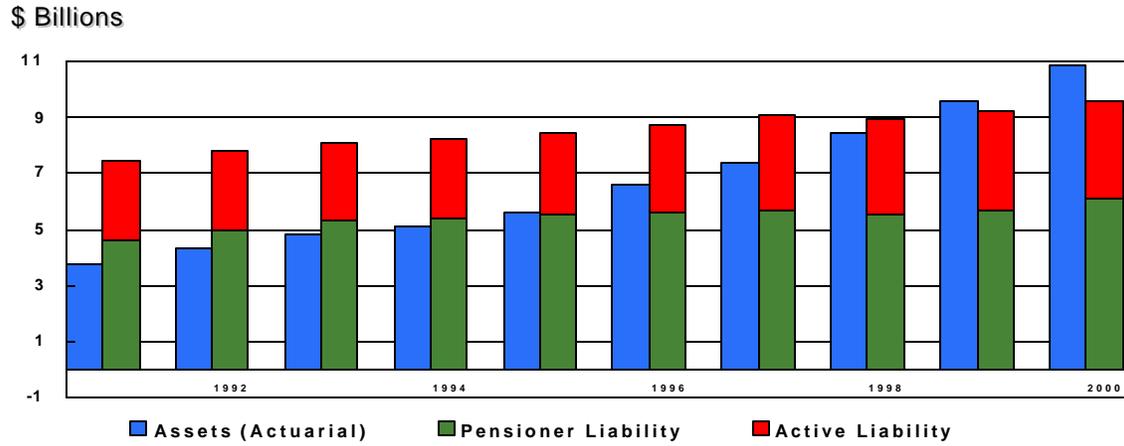
CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Funded Status Of Pension Benefits			
	June 30, 2000	June 30, 1999	Percent Change
Actuarial Accrued Liability			
· Pensioners and Beneficiaries	\$6,066,098,907	\$5,721,761,310	+6.0%
· Active Members	<u>3,538,074,769</u>	<u>3,481,875,087</u>	+1.6%
· Total	\$9,604,173,676	\$9,203,636,397	+4.4%
Value of Assets			
Available for Pension Benefits			
Market:	\$12,492,322,886	\$11,019,744,221	+13.4%
Actuarial:	\$10,985,936,206	\$9,637,255,489	+14.0%
Funding Ratio			
Market:	130.1%	119.7%	+8.6%
Actuarial:	114.4%	104.7%	+9.2%

The graph on the following page compares assets and liabilities under GASB No. 25 for pension benefits only for the years 1991 to 2000. All liabilities shown below have been calculated under GASB No. 25. The asset values shown on the following graph for 1996 and later have been calculated under GASB No. 25. Prior to 1996 the asset values shown are based upon the asset valuation method in effect for that year.

As of June 30, 2000, both the market value and actuarial value of assets exceeds the total actuarial accrued liability. For Tiers 2, 3 and 4 there is no unfunded actuarial accrued liability (UAAL) of pension benefits, the Plan is in a surplus position.

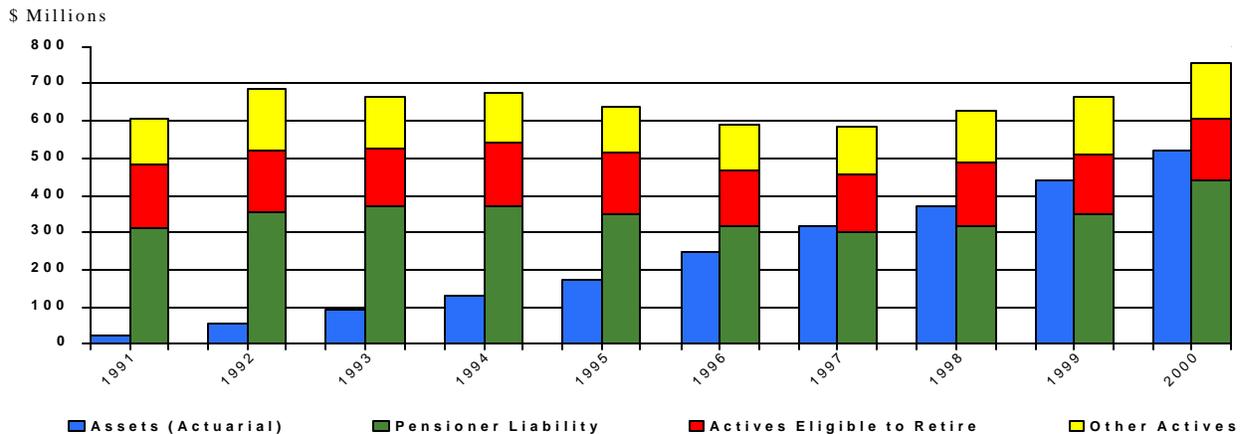
System Assets Compared to GASB No. 25 Liability Pension Benefits



CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Funded Status of Health Subsidy Benefits			
	June 30, 2000	June 30, 1999	Percent Change
Actuarial Accrued Liability			
1. Pensioners and Beneficiaries	\$440,991,646	\$349,119,015	+26.3%
2. Active Members			
- Eligible to Retire	166,336,422	161,497,199	+3.0%
- Other Actives	184,009,894	155,949,465	+18.0%
- Total Actives	350,346,316	317,446,664	+10.4%
3. Grand Total	\$791,337,962	\$666,565,679	+18.7%
Value of Assets/Health Subsidy:			
Market:	\$521,764,128	\$445,897,358	+17.0%
Actuarial:	\$519,240,573	\$443,492,170	+17.1%
Funding Ratio:			
Market	65.9%	66.9%	-1.4%
Actuarial	65.6%	66.5%	-1.4%

PLAN ASSETS COMPARED TO GASB LIABILITY HEALTH SUBSIDY BENEFITS



CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Plan Funding

As of June 30, 2000, the Plan had assets at actuarial value equal to 114.4% of the actuarial accrued liability of pension benefits, as calculated under GASB No. 25. When compared to the present value of all future pension benefits expected to be paid by the Plan, as shown on the Actuarial Balance Sheet (page 40), assets equal 94.9% of liabilities. This remaining unfunded liability is to be funded by future City and Member contributions to the Plan.

Similarly, the Plan had assets at actuarial value equal to 65.6% of the actuarial accrued liability of health subsidy benefits under GASB No. 25. When compared to the present value of all future health subsidy benefits expected to be paid by the Plan, assets equal 52.2% of liabilities as of June 30, 2000.

The pattern of these future contributions is defined in sections 186.2, 190.09 and 528(1) of the Charter of the City of Los Angeles. These contributions are made up of two parts:

- **Normal Cost Contributions:** These contributions are determined as a level percent of covered payroll for each Article. If all assumptions are realized and there are no gains or losses, this percentage will remain level in the future. However, the contributions will increase as a dollar amount as total covered payroll increases.
- **Funding of Unfunded Actuarial Accrued Liability (UAAL):** The UAAL will be funded as a level dollar amount for Tier 1 and will remain level if there are no future gains or losses. For Tiers 2, 3 and 4, the UAAL will be funded as a level percent of payroll. If the Tier has a surplus instead of an UAAL the contribution will be negative, and offset the normal cost. Again, if all assumptions are realized and if there are no gains or losses, this percentage will not change. However, it will increase as a dollar amount as the total covered payroll increases.

The total contribution will be the sum of the Normal Cost and UAAL contributions.

If there are no future gains or losses, then under the current Charter provisions, the UAAL for Tiers 1 and 2 is expected to be fully funded in the fiscal year 2036-2037. After the UAAL is funded, contributions will consist of the Normal Cost only. As the Membership in Tiers 1, 2, and 3 diminishes, the Normal Cost for the total Plan will decrease towards the level of the Normal Costs of Tier 4 for pension benefits and increase towards the level of the Normal Cost of Tier 4, for health subsidy benefits.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Valuation Detail

Table Of Contents

	<u>Page No.</u>
Plan Membership.....	24
Plan Assets at June 30, 2000	30
GASB No. 25 Disclosure.....	34
<i>I. Valuation of Retirement Benefits</i>	
Actuarial Balance Sheet.....	37
Budget and Recommended Contributions	42
Member Contributions.....	48
Gain and Loss Analysis	49
<i>II. Valuation of Health Subsidy Benefits</i>	
Introduction.....	56
Health Subsidy Reserve.....	58
Actuarial Balance Sheet.....	59
Budget and Recommended Contributions	64
Assumptions and Methods.....	69

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Actuarial Valuation As Of June 30, 2000

Plan Membership

On the following schedules we present a summary of Plan membership at June 30, 2000 and June 30, 1999. Salary and pension amounts shown are as of June 30 of each year and do not reflect any cost of living increases that may have been effective on July 1 of that year. However, all of these increases were reflected in our valuation calculations.

It was necessary to make assumptions for less than 0.1% of the data records where the information given to us was unreasonable or incomplete. These assumptions did not materially affect the results of our valuation.

The total number of active Members decreased 1.7% since the last valuation. The total number of retired members and their beneficiaries increased 2.1%, while the total average benefit amount increased 4.1%. The following schedule contains a more detailed breakdown of these figures.

The average age and service for Service and Disability Retirements during the past year are shown in the following tables.

Average Years of Service

	At Service Retirement	At Disability Retirement
Fire	30.8	29.6
Police	27.5	24.4

Average Age

	At Service Retirement	At Disability Retirement
Fire	56.6	55.2
Police	52.9	50.5

More detail on Plan membership, including breakdowns by age and service categories, can be found in Exhibits VI, VII and VIII of this report.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Plan Membership

Active Members			
	June 30, 2000	June 30, 1999	Percent Change
Tier 1 - Fire			
A. Number	0	1	-100.0%
B. Average Age	N/A	58.0	-100.0%
C. Average Years of Service	N/A	33.0	-100.0%
D. Annual Salary	N/A		
i. Total	N/A	\$70,559	-100.0%
ii. Average	N/A	70,559	-100.0%
Tier 1 – Police			
A. Number	2	4	-50.0%
B. Average Age	59.4	57.8	+2.8%
C. Average Years of Service	37.4	35.1	+6.6%
D. Annual Salary			
i. Total	\$142,645	\$291,115	-51.0%
ii. Average	71,323	72,779	-2.0%
Tier 2 - Fire			
A. Number	1,192	1,257	-5.2%
B. Average Age	50.0	49.4	+1.2%
C. Average Years of Service	25.4	24.7	+2.8%
D. Annual Salary			
i. Total	\$93,422,331	\$95,167,507	-1.8%
ii. Average	78,375	75,710	+3.5%
Tier 2 – Police			
A. Number	1,786	2,104	-15.1%
B. Average Age	50.6	50.1	+1.0%
C. Average Years of Service	26.1	25.5	+2.4%
D. Annual Salary			
i. Total	\$139,665,278	\$158,454,185	-11.9%
ii. Average	78,200	75,311	+3.8%

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Plan Membership

Active Members			
	June 30, 2000	June 30, 1999	Percent Change
Tier 3 - Fire			
A. Number	1,111	1,108	+0.3%
B. Average Age	40.0	39.1	+2.3%
C. Average Years of Service	12.7	11.9	+6.7%
D. Annual Salary			
i. Total	\$74,753,109	\$71,147,887	+5.1%
ii. Average	67,285	64,213	+4.8%
Tier 3 - Police			
A. Number	5,509	5,781	-4.7%
B. Average Age	35.3	34.2	+3.2%
C. Average Years of Service	7.8	6.7	+16.4%
D. Annual Salary			
i. Total	\$342,498,903	\$332,181,924	+3.1%
ii. Average	62,171	57,461	+8.2%
Tier 4 - Fire			
A. Number	715	556	+28.6%
B. Average Age	35.7	37.1	-3.7%
C. Average Years of Service	10.5	12.5	-16.0%
D. Annual Salary			
i. Total	\$43,534,855	\$35,533,076	+22.5%
ii. Average	60,888	63,908	-4.7%
Tier 4 - Police			
A. Number	2,063	1,784	+15.6%
B. Average Age	32.6	33.3	-2.1%
C. Average Years of Service	6.8	7.3	-6.8%
D. Annual Salary			
i. Total	\$118,892,679	\$103,020,498	+15.4%
ii. Average	57,631	57,747	-0.2%

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Plan Membership

Active Members			
	June 30, 2000	June 30, 1999	Percent Change
Total - Fire			
A. Number	3,018	2,922	+3.3%
B. Average Age	43.0	43.1	-0.2%
C. Average Years of Service	17.2	17.5	-1.7%
D. Annual Salary			
i. Total	\$211,710,295	\$201,848,470	+4.9%
ii. Average	70,149	69,079	+1.5%
Total - Police			
A. Number	9,360	9,673	-3.2%
B. Average Age	37.7	37.5	+0.5%
C. Average Years of Service	11.1	10.9	+1.8%
D. Annual Salary			
i. Total	\$601,199,505	\$593,947,722	+1.2%
ii. Average	64,231	61,403	+4.6%
Grand Total			
A. Number	12,378	12,595	-1.7%
B. Average Age	39.0	38.8	+0.5%
C. Average Years of Service	12.6	12.4	+1.6%
D. Annual Salary			
i. Total	\$812,909,800	\$795,864,696	+2.1%
ii. Average	65,674	63,189	+3.9%

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Pensioners			
	June 30, 2000	June 30, 1999	Percent Change
1. Tier 1			
A. Service Retirement			
i. Number	384	412	-6.8%
ii. Annual Allowance			
Total	\$7,530,968	\$7,845,523	-4.0%
Average Monthly Amount	1,634	1,587	+3.0%
B. Disability Retirement			
i. Number	322	339	-5.0%
ii. Annual Allowance			
Total	\$7,287,099	\$7,434,702	-2.0%
Average Monthly Amount	1,886	1,828	+3.2%
C. Survivors and Dependents			
i. Number	798	839	-4.9%
ii. Annual Allowance			
Total	\$18,506,540	\$19,507,184	-5.1%
Average Monthly Amount	1,933	1,938	+0.3%
2. Tier 2			
A. Service Retirement			
i. Number	6,532	6,345	+2.9%
ii. Annual Allowance			
Total	\$262,977,293	\$245,661,455	+7.0%
Average Monthly Amount	3,355	3,226	+4.0%
B. Disability Retirement			
i. Number	1,913	1,879	+1.8%
ii. Annual Allowance			
Total	\$75,345,256	\$71,221,417	+5.8%
Average Monthly Amount	3,282	3,159	+3.9%
C. Survivors and Dependents			
i. Number	1,428	1,356	+5.3%
ii. Annual Allowance			
Total	\$48,866,206	\$44,972,862	+8.7%
Average Monthly Amount	2,852	2,764	+3.2%

Pensioners			
	June 30, 2000	June 30, 1999	Percent Change
3. Tier 3*			
A. Service Retirement			
i. Number	39	28	+39.3%
ii. Annual Allowance			
Total	\$1,262,351	\$872,389	+44.7%
Average Monthly Amount	2,697	2,596	+3.9%
B. Disability Retirement			
i. Number	143	125	+14.4%
ii. Annual Allowance			
Total	\$3,916,031	\$3,178,781	+23.2%
Average Monthly Amount	2,282	2,119	+7.7%
C. Survivors and Dependents			
i. Number	53	47	+12.8%
ii. Annual Allowance			
Total	\$1,907,769	\$1,721,622	+10.8%
Average Monthly Amount	3,000	3,053	-1.7%
4. All Articles Combined			
A. Service Retirement			
i. Number	6,955	6,785	+2.5%
ii. Annual Allowance			
Total	\$271,770,612	\$254,379,367	+6.8%
Average Monthly Amount	3,256	3,124	+4.2%
B. Disability Retirement			
i. Number	2,378	2,343	+1.5%
ii. Annual Allowance			
Total	\$86,548,358	\$81,834,900	+5.8%
Average Monthly Amount	3,033	2,911	+4.2%
C. Survivors and Dependents			
i. Number	2,279	2,242	+1.7%
ii. Annual Allowance			
Total	\$69,280,515	\$66,201,668	+4.7%
Average Monthly Amount	2,533	2,461	+2.9%
D. Total - All Pensioners			
i. Number	11,612	11,370	+2.1%
ii. Annual Allowance			
Total	\$427,599,485	\$402,415,935	+6.3%
Average Monthly Amount	3,069	2,949	+4.1%

*As of June 30, 2000, there were 4 pensioners in Tier 4, which are included in Tier 3.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Plan Assets

The following asset information was provided to us by the Department of Pensions. We have not audited or verified these figures. These assets are at book value and market value for both the current and prior year. The actuarial value as of June 30, 2000 is a market-related value, described in detail on page 33, Derivation of Actuarial Value of Assets. These figures represent **both pension and health subsidy** reserves.

Book Value	June 30, 2000	June 30, 1999	Percent Change
Tier 1	\$ 13,857	\$ 3,287,921	-99.6%
Tier 2	8,265,384,294	7,154,411,019	+15.5%
Tiers 3 & 4	<u>1,809,634,093</u>	<u>1,579,935,643</u>	+14.5%
Total	\$10,075,032,244	\$ 8,737,634,583	+15.3%
Market Value			
Tier 1	\$ 13,857	\$ 3,287,921	-99.6%
Tier 2	10,868,696,795	9,668,192,053	+12.4%
Tiers 3 & 4	<u>2,145,376,362</u>	<u>1,794,161,605</u>	+19.6%
Total	\$13,014,087,014	\$11,465,641,579	+13.5%
Actuarial Value			
Tier 1	\$ 11,086	\$ 4,527,500	-99.8%
Tier 2	9,491,468,304	8,384,452,720	+13.2%
Tiers 3 & 4	<u>2,013,697,389</u>	<u>1,691,767,439</u>	+19.0%
Total	\$11,505,176,779	\$10,080,747,659	+14.1%

The approximate rates of return on plan assets are shown below, based on the following analysis.

All Articles Combined	Book Value	Market Value	Actuarial Value
Value of Assets at 6/30/1999	\$8,737,634,583	\$11,465,641,579	\$10,080,747,659
Contributions:			
City	190,837,163	190,837,163	190,837,163
Members	57,134,923	57,134,923	57,134,923
Benefits Paid to Participants	446,619,051	446,619,051	446,619,051
Expenses Paid	43,464,739	43,464,739	43,464,739
Investment Earnings	1,579,509,365	1,790,557,139	1,666,540,824
Value of Assets at 6/30/2000	\$10,075,032,244	\$13,014,087,014	\$11,505,176,779
RATE OF RETURN	18.14%	15.66%	16.58%

The 16.58% rate of return on the actuarial value of assets is greater than the 8.5% rate assumed for the prior year. This resulted in an actuarial gain, which decreased the budgeted contribution for the Plan. We have also calculated the rates of return on actuarial value separately for each Article, reflecting the benefit payments and contribution made to each Article in the rates. The rates of return were 8.87% for Tier 1, 17.45% for Tier 2, and 12.59% for Tiers 3 and 4 combined.

The Plan began to prefund post-retirement health subsidy benefits effective with the 1989-1990 plan year. Total assets must be reduced by the reserve which is being accumulated to pay health subsidy benefits in order to arrive at the assets available for pension benefits.

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

Book Value	Assets for Pension Benefits	Assets for Health Subsidy	Total Plan Assets
Tier 1	\$ (4,953,171)	\$ 4,967,028	\$ 13,857
Tier 2	8,011,786,931	253,597,363	8,265,384,294
Tiers 3 & 4	<u>1,608,268,520</u>	<u>201,365,573</u>	<u>1,809,634,093</u>
Total	\$9,615,102,280	\$459,929,964	\$10,075,032,244
Market Value			
Tier 1	\$ (4,952,815)	\$ 4,966,672	\$ 13,857
Tier 2	10,582,761,849	285,934,946	10,868,696,795
Tiers 3 & 4	<u>1,914,513,851</u>	<u>230,862,511</u>	<u>2,145,376,362</u>
Total	\$12,492,322,886	\$521,764,128	\$13,014,087,014
Actuarial Value			
Tier 1	\$ (3,962,536)	\$ 3,973,622	\$ 11,086
Tier 2	9,200,273,905	291,194,399	9,491,468,304
Tiers 3 & 4	<u>1,789,624,837</u>	<u>224,072,552</u>	<u>2,013,697,389</u>
Total	\$10,985,936,206	\$519,240,873	\$11,505,176,779

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Derivation of Actuarial Value of Assets

	YEAR ENDING				
	June 30, 2000	June 30, 1999	June 30, 1998	June 30, 1997	June 30, 1996
1. Beginning of Year Market Value	\$11,465,641,579	\$10,073,850,556	\$8,656,947,050	\$7,386,866,779	\$6,356,684,620
2. City Contributions	190,837,163	248,388,667	260,756,667	305,679,402	342,701,618
3. Member Contributions	57,134,923	55,556,643	53,139,136	48,774,170	43,813,085
4. Benefit Payments	446,619,051	418,254,182	402,246,954	390,204,300	381,457,318
5. Expenses Paid	43,464,739	28,385,841	20,218,789	18,728,082	19,066,840
6. Expected Return Based on 8.5% Assumption	972,400,366	860,769,290	742,308,435	638,559,701	536,081,586
7. Expected End of Year Market Value (1)+(2)+(3)-(4)-(5)+(6)	12,195,930,241	10,791,925,133	9,290,685,545	7,970,947,670	6,878,756,751
8. Actual End of Year Market Value	13,014,087,014	11,465,641,579	10,073,850,556	8,656,947,050	7,386,866,779
9. Gain/(Loss)	818,156,773	673,716,446	783,165,011	685,999,380	508,110,028

1. Market Value at June 30, 2000	\$13,014,087,014
2000 (Gain)/Loss x 80%	(654,525,418)
1999 (Gain)/Loss x 60%	(404,229,868)
1998 (Gain)/Loss x 40%	(313,266,004)
1997 (Gain)/Loss x 20%	(137,199,876)
2. Actuarial Value at June 30, 2000	11,504,865,848
3. 80% of Market Value at June 30, 2000	10,411,269,611
4. 120% of Market Value at June 30, 2000	15,616,904,417
5. Actuarial Value at June 30, 2000 (2), but no less than (3) and no more than (4)	\$11,504,865,848
6. Adjustment to Actuarial Value at June 30, 2000 for Actuarial Value of Tier 1 out of 80%/120% Range	310,931
7. Adjusted Actuarial Value at June 30, 2000 (5) + (6)	11,505,176,779

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Actuarial Valuation As Of June 30, 2000

GASB No. 25 Disclosure

The tables on the following pages are required under Government Accounting Standards Board Statement Number 25. They show the Annual Required Contribution (ARC) as computed under GASB No. 25, as well as what portion of this amount was actually received by the Plan. The current method used for determining Plan contributions satisfies the GASB requirements. As long as actual contributions are made in accordance with the actuarially recommended rates, the "Percentage Contributed" shown on this table will always be 100%. Otherwise additional financial disclosures will be necessary.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Valuation of Pension Benefits

GASB No. 25 Disclosure Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total Plan Payroll as of July 1	UAAL as a % of Total Plan Payroll
June 30, 1992	\$4,285,642,005	\$7,840,118,795	\$3,554,476,790	54.7%	\$573,922,239	619.3%
June 30, 1993	4,846,189,341	8,144,652,745	3,298,463,404	59.5%	562,672,803	586.2%
June 30, 1994	5,111,331,371	8,311,393,751	3,200,062,380	61.5%	554,626,745	577.0%
June 30, 1995	5,602,149,360	8,412,407,080	2,810,257,720	66.6%	608,978,306	461.5%
June 30, 1996	6,558,796,766	8,786,175,771	2,227,379,005	74.6%	688,572,262	323.5%
June 30, 1997	7,406,443,749	9,111,057,591	1,704,613,842	81.3%	749,505,571	227.4%
June 30, 1998	8,393,868,685	8,912,535,199	518,666,514	94.2%	808,807,269	64.1%
June 30, 1999	9,637,255,489	9,203,636,397	(433,619,092)	104.7%	819,740,647	-52.9%
June 30, 2000	10,985,936,206	9,604,173,676	(1,381,762,529)	114.4%	845,426,191	-163.4%

GASB No. 25 Disclosure Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
1993	\$277,367,625	100%
1994	281,880,495	100%
1995	287,697,971	100%
1996	296,136,023	100%
1997	265,744,307	100%
1998	231,170,833	100%
1999	221,755,064	100%
2000	163,380,843	100%

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Valuation of Health Subsidy Benefits

GASB No. 25 Disclosure Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	UAAL	Funded Ratio	Total Plan Payroll	UAAL as a % of Total Plan Payroll
June 30, 1992	\$54,998,828	\$714,129,035	\$659,130,207	7.7%	\$473,922,239	139.1%
June 30, 1993	92,738,324	686,751,150	594,012,826	13.5%	562,672,803	105.6%
June 30, 1994	131,848,404	697,230,188	565,381,784	18.9%	554,626,745	101.9%
June 30, 1995	175,792,687	659,805,919	484,013,232	26.6%	608,978,306	79.5%
June 30, 1996	248,228,909	591,777,845	343,548,936	41.9%	688,572,262	49.9%
June 30, 1997	310,852,382	586,429,073	275,576,691	53.0%	749,505,571	36.8%
June 30, 1998	371,411,413	626,669,733	255,258,320	59.3%	808,807,269	31.6%
June 30, 1999	443,492,170	666,565,679	223,073,509	66.5%	819,740,647	27.2%
June 30, 2000	519,240,573	791,337,962	272,097,389	65.6%	845,426,191	32.2%

GASB No. 25 Disclosure Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
1993	\$45,138,597	100%
1994	49,889,992	100%
1995	45,782,214	100%
1996	46,565,595	100%
1997	39,935,095	100%
1998	29,585,834	100%
1999	26,633,603	100%
2000	27,456,320	100%

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Actuarial Balance Sheet

The purpose of the Actuarial Balance Sheet is to compare Plan assets with Plan liabilities in order to define the portion of the liabilities, which need to be funded by the City in the future.

Plan liabilities equal the present value of all future benefits expected to be paid to current and future pensioners and beneficiaries of the Plan.

Plan assets are equal to the sum of:

- the assets currently available to pay benefits,
- the present value of future contributions expected to be made by current Plan Members, and
- the present value of future contributions expected to be made by the City.

The last item, the present value of future City contributions, is made up of two parts:

1. The Present Value of Future City Normal Costs: Using the Entry Age Normal Cost Method, the City budgets a certain percentage of payroll which will be sufficient to fund benefits for Plan Members from their entry into the Plan. The Normal Cost is the level percentage of salary each year that is necessary to fund Members' benefits under the current benefit provisions. Normal Cost is funded from a Member's date of employment to the average expected retirement date. An adjustment is made for the deductions which will be made from the future salaries of Plan Members. For this valuation, the Normal Cost percentages are:

Tier 1	18.275%
Tier 2	22.729%
Tier 3	14.498%
Tier 4	13.493%

The present value of these future City Normal Cost contributions represents one piece of the present value of future City contributions.

2. The Unfunded Actuarial Accrued Liability: The portion of the present value of future City contributions which will not be funded by the future Entry Age Normal Cost contributions is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL arises from prior contributions that were less than the current Normal Cost percentage. This usually results from benefit and assumption changes and the net effect of prior gains and losses. If the City 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 Normal Cost would be sufficient to fund all benefits and there would be no UAAL. This liability is funded based on the provisions of the City Charter, which are described in more detail in the next section.

For the current year, we have determined that the appropriate amounts needed to fund the UAAL are:

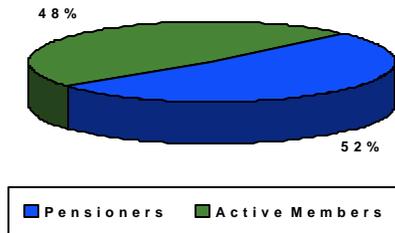
Article	Amount	Funding Pattern
Tier 1	\$27,585,716	As a level dollar amount through the fiscal year 2036-2037.
Tier 2	(8.077%)	As a level percent of total payroll of Tiers 1, 2, 3 and 4 through the fiscal year 2036-2037.
Tier 3	(4.491%)	As a level percentage of Tier 3 payroll for various periods based on the source of the liability.
Tier 4	(4.278%)	As a level percentage of Tier 4 payroll for various periods based on the source of the liability.

For Tiers 2, 3, and 4, the negative amounts above indicate the Article has a surplus; the amortization of the surplus serves to reduce future normal cost contributions.

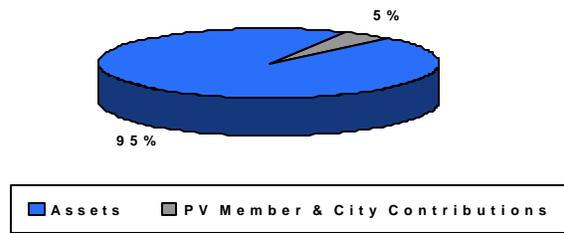
The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the Plan. It shows that 48% of Plan' liabilities are due to active Members and 52% are due to retired Members and their beneficiaries. About 95% of Plan assets consist of currently available assets with 5% consisting of future contributions from the City and the Members.

ACTUARIAL BALANCE SHEET AS OF JUNE 30, 2000

LIABILITIES



ASSETS



**CITY OF LOS ANGELES
FIRE AND POLICE PENSION PLANS
VALUATION OF PENSION BENEFITS**

Actuarial Balance Sheet As Of June 30, 2000

Assets					
	Tier 1	Tier 2	Tier 3	Tier 4	All Plans Combined
1. Applicable Assets	\$(3,962,536)	\$9,200,273,905	\$1,305,504,310	\$484,120,527	\$10,985,936,206
2. Present Value of Future Member Contributions	0	51,579,057	400,483,917	160,166,251	612,229,225
3. Present Value of Future Contribution by the City for:					
a. Entry Age Normal Costs	70,471	300,492,650	769,895,699	292,650,558	1,363,109,379
b. Unfunded Actuarial Accrued Liability	296,091,676	(1,381,032,743)	(216,525,256)	(80,296,206)	(1,381,762,529)
4. Total Assets	\$292,199,611	\$8,171,312,869	\$2,259,358,670	\$856,641,130	\$11,579,512,280

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION PLANS
VALUATION OF PENSION BENEFITS**

Actuarial Balance Sheet As Of June 30, 2000

	Liabilities				All Plans Combined
	Tier 1	Tier 2	Tier 3	Tier 4	
5. Present Value of Benefits Already Granted					
a. Service Retirements	\$72,518,034	\$3,929,368,748	\$17,912,021	\$0	\$4,019,798,803
b. Disability Retirements	78,639,287	1,194,157,875	61,028,298	0	1,333,825,460
c. Survivors and Dependents	<u>139,517,334</u>	<u>547,076,758</u>	<u>25,880,552</u>	<u>0</u>	<u>712,474,644</u>
d. Total	\$290,674,655	\$5,670,603,381	\$104,820,871	\$0	\$6,066,098,907
6. Present Value of Benefits to be Granted					
a. Service Retirements	\$ 1,431,545	\$2,036,759,684	\$1,643,230,955	\$655,213,924	\$4,336,636,108
b. Disability Retirements	88,682	447,021,361	422,638,972	182,913,084	1,052,662,099
c. Survivors and Dependents	<u>4,604</u>	<u>16,273,693</u>	<u>47,978,225</u>	<u>17,933,840</u>	<u>82,190,362</u>
d. Total	\$ 1,524,831	\$2,500,054,738	\$2,113,848,152	\$856,060,848	\$5,471,488,569
7. Refund of Employee Contributions	\$ 125	\$654,750	\$40,689,647	\$580,282	\$41,924,804
8. Total Liabilities	\$292,199,611	\$8,171,312,869	\$2,259,358,670	\$856,641,130	\$11,579,512,280

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Budget And Recommended Contributions

The actuarial cost method to be used in determining the annual budget for The Fire and Police Pension Plans, is given in Sections 186.2(1) and (2), 190.09(1) and (2), and 528(1) and (2) of the Charter of the City of Los Angeles.

The Charter defines the annual budget amount to be the sum of the Entry Age Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The Entry Age Normal Cost is the level percentage of salary necessary to fund each Member's projected future benefits over his or her working career (i.e. from entry age to retirement age). The Normal Cost consists of two parts: the first part, which is funded by Member contributions, is a specified percentage of the Member's pay; the second part, which is funded by the City, is the balance after deducting the Member paid portion from the total Normal Cost percentage.

The amortization of the UAAL is the payment stream required to fund the excess of Plan liabilities over the sum of the Plan assets, future Member contributions and future City Normal Cost contributions. (See section on the Actuarial Balance Sheet.) The method of amortization varies from Tier to Tier and is defined in the Charter.

The following sections discuss the recommended contributions for each Tier in more detail.

In our opinion, if these recommended 2001-2002 contributions are adopted, all the Plan will be maintained in compliance with the Charter of the City of Los Angeles and in accordance with the methods and assumptions underlying the calculations.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Budget And Recommended Contributions

The Fire and Police Pension Plan, Tier 1

The budgeted contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability in a level dollar amount for the period ending with the fiscal year 2036-2037.

The results for the current year, along with a comparison with the prior year, follow.

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. City's Entry Age Normal Cost as a Percent of Payroll*	18.275%	18.488%	-1.2%
2. Amortization of the UAAL	\$27,585,716	\$28,948,703	-4.7%
<i>*Percentage is applied to Tier 1 payroll only</i>			

The effect on the UAAL of gains and losses can be found in the gain and loss analysis in the next section.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Budget And Recommended Contributions

The Fire and Police Pension Plan, Tier 2

The budgeted contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability (UAAL) as a level percent of payroll over the period ending with the fiscal year 2036-2037. The payroll used is the total payroll of Tiers 1, 2, 3, and 4. The payments have been calculated to increase at the same rate as the expected growth in overall Plan payroll (currently 5.0% per year).

Had the Plan experienced no actuarial gains in the past, the UAAL would be paid off in fiscal year 2036-2037. However, the Plan has experienced significant actuarial gains, and as of June 30, 2000, the UAAL has been funded, and the Plan is in a surplus position.

The combination of length of the amortization period and the increasing payment pattern implies that amortization credits for the surplus in the near future are insufficient to cover growth in the surplus due to interest accruals. Therefore, the surplus can be expected to increase for many years, unless actuarial losses cause an offsetting decrease.

The results for the current year, along with a comparison with the prior year, follow.

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. City's Entry Age Normal Cost as a Percent of Payroll*	22.729%	21.748%	+4.5%
2. Amortization of the UAAL/(Surplus) as a Percent of Payroll**	(8.075%)	(3.124%)	-158.5%
<i>*Applied to Tier 2 payroll only</i>			
<i>**Applied to total payroll of Tiers 1, 2, 3, and 4 combined</i>			

The dollar amount of the amortization of the Actuarial Surplus can be expected to increase by 5.0% per year, as total System payroll increases, if all assumptions are realized.

The effect on the UAAL of gains and losses can be found in the gain and loss analysis in the next section.

Currently, Plan Members under Tier 2 are required to contribute 6% of salary to the Plan. Section 190.10 of the Charter of the City of Los Angeles requires that an additional 1% of salary be contributed by Plan Members if one-half of the cost of the cost-of-living benefits provided by Tier 2 exceeds 1% of pay. The normal cost percent for future cost-of-living benefits is approximately 10% of pay. Therefore, we recommend that New Pension Plan Members continue to contribute 1% in addition to the 6% rate provided in the City Charter, for a total of 7% of salary.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Budget And Recommended Contributions

The Fire and Police Pension Plan, Tier 3

The budgeted contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability caused by gains and losses as a level percent of pay over 15 years. The cost of any changes to the plan would be amortized over 30 years. Changes in assumptions and funding method are amortized over 30 years.

The results for the current year, along with a comparison with the prior year, follow.

	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. City's Entry Age Normal Cost as a Percent of Payroll*	14.498%	14.189%	+2.2%
2. Amortization of the UAAL/(Surplus) as a Percent of Payroll*	(4.491%)	(3.383%)	-32.8%
3. Total Contribution as a Percent of Payroll*	10.007%	10.806%	-7.4%
* Percentage is applied to Tier 3 payroll only.			
**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Budget And Recommended Contributions

The Fire and Police Pension Plan, Tier 4

The budgeted contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability caused by gains and losses as a level percent of pay over 15 years. The cost of any changes to the plan would be amortized over 30 years. Changes in assumptions and funding method are amortized over 30 years.

The results for the current year, along with a comparison with the prior year, follow.

	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. City's Entry Age Normal Cost as a Percent of Payroll*	13.493%	14.189%	-4.9%
2. Amortization of the UAAL/(Surplus) as a Percent of Payroll*	(4.278%)	(3.383%)	-26.5%
3. Total Contribution as a Percent of Payroll*	9.215%	10.806%	-14.7%
* Percentage is applied to Tier 4 payroll only			
** The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Member Contributions

Members contribute to the Pension Plans based on schedules contained in the City Charter. These contribution rates can be found in Exhibit I.

The Member contribution account balances (including interest) that were reported for the June 30, 2000 valuation are:

	Fire Members	Police Members	Total
Tier 1	\$ 0	\$ 195,406	\$ 195,406
Tier 2	160,780,914	250,987,270	411,768,183
Tier 3	73,606,879	209,529,377	283,136,256
Tier 4	40,841,361	75,840,530	116,681,891
Total	\$275,229,153	\$536,552,583	\$811,781,737

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Gain And Loss Analysis

Each year, the contributions to the Plans are determined as a level percent of future Plan payroll. If actual experience matched all the assumptions used in the valuation, and no changes were made to the Plans, this contribution rate would not change. However, each year there are actuarial gains and losses caused by actual experience which is different than our assumptions. An actuarial gain causes a decrease in contribution levels; an actuarial loss causes an increase.

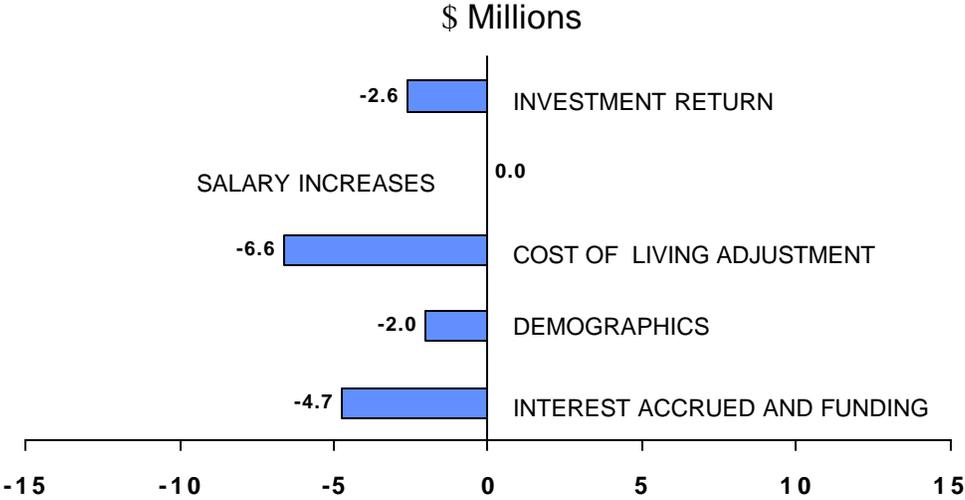
An analysis of the gains and losses over the past year, and their effect on the Unfunded Accrued Actuarial Liability (UAAL) for each Article, follows.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Tier 1

(Gain)/Loss Analysis For Plan Year July 1, 1999 To June 30, 2000		
(Gain)/Loss Due To	\$ Million	Percent of UAAL
ECONOMIC RISK AREAS		
Investment Return	\$ (2.6)	(0.9%)
Salary Increases	0.0	0.0%
Cost-of-Living Adjustment	(6.6)	(2.2%)
NON-ECONOMIC RISK AREAS		
Pre-Retirement Decrements		
Service Retirement	\$ 0.0	0.0%
All Other	0.0	0.0%
Post-Retirement Mortality	(2.0)	(0.7%)
Transfers to Other Articles	0.0	0.0%
Total (Gain)/Loss	\$(11.2)	(3.8%)
Expected Change In UAAL due to Interest Accrued and Funding	\$ (4.7)	(1.6%)
Change in Plan provisions	\$ 0.0	0.0%
Total Change In UAAL	\$(15.9)	(5.4%)
Change in UAAL for Plan Year July 1, 1999 to June 30, 2000		
	\$ Million	
UAAL as of June 30, 1999	312.0	
Decrease in UAAL July 1, 1999 to June 30, 2000	(15.9)	
UAAL as of June 30, 2000	296.1	

TIER 1 UAAL DECREASED \$15.9 MILLION



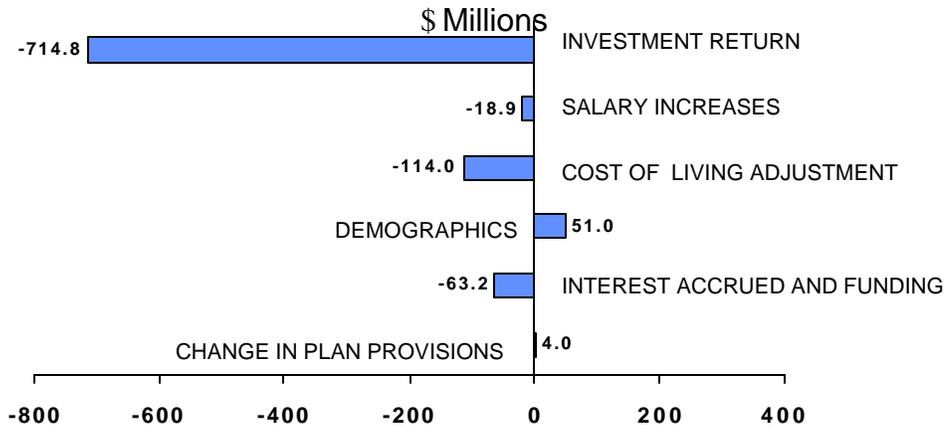
CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF PENSION BENEFITS

Tier 2

(Gain)/Loss Analysis For Plan Year July 1, 1999 To June 30, 2000		
(Gain)/Loss Due To	\$ Million	Percent of UAAL
ECONOMIC RISK AREAS		
Investment Return	\$(714.8)	51.8%
Salary Increases	(18.9)	1.4%
Cost-of-Living Adjustment	(114.0)	8.3%
NON-ECONOMIC RISK AREAS		
Pre-Retirement Decrements		
Service Retirement	\$ 30.5	(2.2%)
All Other	8.5	(0.6%)
Post-Retirement Mortality	12.0	(0.9%)
Transfers to/from Other Articles	0.0	0.0%
Total (Gain)/Loss	\$(796.7)	57.8%
Expected Change In UAAL due to Interest Accrued and Funding	\$ (63.2)	4.5%
Change in Plan provisions	\$ 4.0	(0.3%)
Total Change In UAAL	\$(855.9)	62.0%
Change in Surplus for Plan Year July 1, 1999 to June 30, 2000		
	\$ Million	
Surplus as of June 30, 1999	(525.1)	
Increase in Surplus July 1, 1999 to June 30, 2000	(855.9)	
Surplus as of June 30, 2000	(1,381.0)	

TIER 2

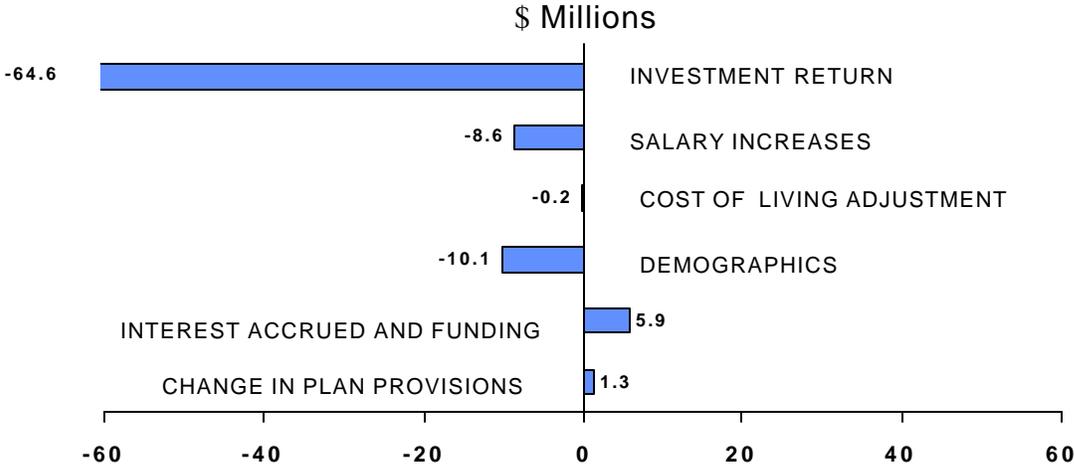
UAAL DECREASED \$855.9 MILLION



**CITY OF LOS ANGELES
FIRE AND POLICE PENSION PLANS
VALUATION OF PENSION BENEFITS
Tiers 3 & 4 Combined**

(Gain)/Loss Analysis For Plan Year July 1, 1999 To June 30, 2000		
(Gain)/Loss Due To	\$ Million	Percent of UAAL
ECONOMIC RISK AREAS		
Investment Return	\$ (64.6)	21.8%
Salary Increases	(8.6)	2.9%
Cost-of-Living Adjustment	(0.2)	0.1%
NON-ECONOMIC RISK AREAS		
Pre-Retirement Decrements		
Service Retirement	\$ 0.5	(0.2%)
Service Disability	(0.2)	0.1%
Non-Service Disability	(0.1)	0.0%
Service Death	(2.2)	0.7%
Non-Service Death	(0.2)	0.1%
Withdrawals	(14.3)	4.8%
Post-Retirement Mortality	0.2	(0.1%)
New Entrants	6.2	(2.1%)
Total (Gain)/Loss	\$ (83.5)	28.1%
Expected Change In UAAL due to Interest Accrued and Funding	\$ 5.9	(2.0%)
Change in Plan Provisions	\$ 1.3	(0.4%)
Total Change In UAAL	\$(76.3)	25.7%
Change in Surplus for Plan Year July 1, 1999 to June 30, 2000		
	\$ Million	
Surplus as of June 30, 1999	(220.5)	
Increase in Surplus July 1, 1999 to June 30, 2000	(76.3)	
Surplus as of June 30, 2000	(296.8)	

TIERS 3 & 4 COMBINED UAAL DECREASED \$76.3 MILLION



CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Introduction

Members of the Los Angeles Fire and Police Department are entitled to post-retirement health subsidy benefits under Sections 189, 190.50 and 536 of the City Charter, and by related Ordinance. Members who retire from the Fire and Police Pension Plan with over ten years of service are eligible for health subsidy benefits. Regular benefits begin at age sixty. Temporary subsidies are available to certain groups at earlier ages.

The benefit paid is a percentage of a maximum subsidy for health care based on the lesser of the amount used by the City Employees' Retirement Plan (CERS) and active Safety Members. The City also pays Medicare Part B premiums for any pensioner receiving a subsidy and Medicare Parts A and B coverage.

Health subsidy benefits are available to Members and their spouses/domestic partners on disability and service retirement. Effective December 1999, Surviving spouse/domestic partners are eligible for health subsidy benefits.

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

For more detail on the health subsidy benefit provisions, please refer to Exhibit II.

This report contains the results of the June 30, 2000 valuation of the post-retirement health subsidy benefits of the Plans. It contains the results of our calculations of the annual budget of the Plans, as provided in Sections 186.2(3), 190.09(3), and 528(3) of the Charter. In determining the budget amounts for post-retirement health subsidy benefits, we have used the same funding method and methods of amortization used in funding the retirement, disability, and death benefits of each Article, as defined in the Charter.

The valuation is based on the economic and demographic assumptions used in the valuation of the retirement, death and disability benefits of the Plans. In addition, special medical trend assumptions were used. A summary of the economic assumptions follows:

- 8.5% annual interest,
- individual salary increase assumption, which varies by age, ranging from 10% for Members under age 25, to 5.5% for Members age 50 and over, and averages 6.5% per year over a full 30-year career,
- 5.0% annual increases in total Plan, and
- graded medical cost increase rates of 7.75% for pre-65 premiums and 7.5% for post-65 premiums in 2000, both decreasing gradually to 6.5% in 2006 and beyond.

We believe these assumptions are appropriate for use in the evaluation of the health subsidy liabilities of the Fire and Police Pension Plan at June 30, 2000. These assumptions are described in more detail in Exhibit IV.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Health Subsidy Reserve

The Fire and Police Pension Plan began to pre-fund the health subsidy benefits of the Plan beginning with the 1989-1990 plan year. As of June 30, 2000, pre-funding contributions have been made for ten years toward the health subsidy.

The Plan has begun to accumulate a reserve of assets that reflects contributions made, benefits paid out, and estimated investment earnings. Health subsidy liabilities were offset by the actuarial value of these assets held in reserve in the determination of annual budget amounts.

Assets Available For Health Subsidy Reserves at June 30, 2000			
	Tier 1	Tier 2	Tiers 3 and 4
Book Value	\$4,967,028	\$253,597,363	\$201,365,573
Market Value	4,966,672	285,934,946	230,862,511
Actuarial Value	3,973,622	291,194,399	244,072,552

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Actuarial Balance Sheet

The purpose of the Actuarial Balance Sheet is to compare Plan assets with Plan liabilities in order to define the portion of the liabilities which need to be funded by the City in the future. We have created a health subsidy balance sheet which corresponds to the balance sheet for retirement, disability, and death benefits shown earlier in this report.

Health subsidy liabilities equal the present value of all future health subsidy benefits expected to be paid to current and future pensioners and beneficiaries of the Plan.

Plan assets are equal to the sum of:

- the assets currently available to pay health subsidy benefits, and
- the present value of future contributions expected to be made by the City.

There are no Member contributions for health subsidy benefits.

The last item, the present value of future City contributions, is made up of two parts:

1. The Present Value of Future City Normal Costs: Using the Entry Age Normal Cost Method, the City budgets a certain percentage of payroll which will be sufficient to fund health subsidy benefits for Plan Members from their entry into the Plan. The Normal Cost is the level percentage of salary each year that is necessary to fund Members' benefits under the current benefit provisions. Normal Cost is funded from a Member's date of employment to the average expected retirement date. For this valuation, these percentages are:

Tier 1	0.129%
Tier 2	1.257%
Tier 3	3.084%
Tier 4	3.122%

The present value of these future City Normal Cost contributions represents one piece of the present value of future City health subsidy contributions.

The Normal Cost percentage is highest for Tiers 3 and 4, with the youngest active population, and lowest for Tier 1, with the oldest active population. The Normal Cost spreads the value of a Member's benefit, at entry age, over his future working lifetime. The value of health subsidy benefits at entry age is higher for Tiers 3 and 4 Members, because the health care benefits paid to them will be more expensive, due to the future increases in the cost of medical care.

2. **The Unfunded Actuarial Accrued Liability:** The portion of the present value of future City health subsidy contributions which will not be funded by the future Entry Age Normal Cost contributions is the Unfunded Actuarial Accrued Liability (UAAL). The UAAL arises because pre-funding contributions were not made for health subsidy benefits before 1989. If the City 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 Normal Cost would be sufficient to fund all health subsidy benefits and there would be no UAAL. This liability is funded based on the provisions of the City Charter.

For the current year, we have determined that the appropriate amounts needed to fund the health subsidy UAAL are:

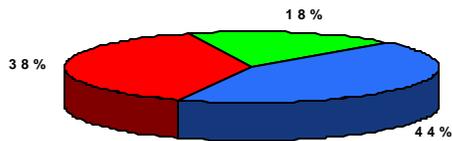
Tiers	Amount	Funding Pattern
Tier 1	\$1,036,696	As a level dollar amount through the fiscal year 2036-2037.
Tier 2	1.766%	As a level percent of total payroll of Articles XVII, XVIII and XXXV through the fiscal year 2036-2037.
Tier 3	(1.233%)	As a level percentage of Article XXXV payroll for periods of 15 or 30 years.
Tier 4	(1.101%)	As a level percentage of Article XXXV payroll for periods of 15 or 30 years.

For Tiers 3 and 4, the negative amount above indicates the Article has a surplus; the amortization of the surplus serves to reduce future normal cost contributions.

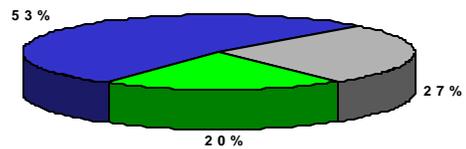
The following chart illustrates the breakdown of Balance Sheet assets and liabilities of the Plan. It shows that about 44% of the Plans' liabilities are due to current pensioners, 18% due to actives eligible to retire, and 38% due to other actives. About 20% of Plan assets consist of future Normal Cost contributions and 27% are due to future UAAL contributions. Current health subsidy reserves are approximately 53% of Plan assets.

ACTUARIAL BALANCE SHEET AS OF JUNE 30, 2000

LIABILITIES



ASSETS



**CITY OF LOS ANGELES
FIRE AND POLICE PENSION PLANS
VALUATION OF HEALTH SUBSIDY BENEFITS**

Actuarial Balance Sheet as of June 30, 2000

	Assets				All Plans Combined
	Tier 1	Tier 2	Tier 3	Tier 4	
1. Applicable Assets	\$ 3,973,622	\$ 291,194,399	\$166,316,467	57,756,085	\$519,240,573
2. Present Value of Future Contributions by the City for:					
a. Entry Age Normal Costs	375	11,577,971	134,037,467	56,965,007	202,580,820
b. Unfunded/(Surplus) Actuarial Accrued Liability	11,127,391	301,951,721	(30,397,362)	(10,584,361)	272,097,389
3. Total Assets	\$15,101,388	\$604,724,091	\$269,956,572	104,136,731	\$993,918,782

**CITY OF LOS ANGELES
FIRE AND POLICE PENSION PLANS
VALUATION OF HEALTH SUBSIDY BENEFITS**

Actuarial Balance Sheet as of June 30, 2000

	Liabilities				All Plan Combined
	Tier 1	Tier 2	Tier 3	Tier 4	
4. Present Value of Benefits Already Granted	\$ 14,981,741	\$421,538,004	\$ 4,471,901	0	\$440,991,646
5. Present Value of Benefits to be Granted					
a. Actives Eligible to Retire	119,647	171,659,390	1,773,771	2,720,251	176,273,059
b. Other Actives	<u>0</u>	<u>11,526,697</u>	<u>263,710,900</u>	<u>101,416,480</u>	<u>376,654,077</u>
c. Total	119,647	183,186,087	265,484,671	104,136,731	552,927,136
6. Total Liabilities	\$ 15,101,388	\$604,724,091	\$269,956,572	104,136,731	\$993,918,782

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Budget and Recommended Contributions

The actuarial cost method to be used in determining the annual health subsidy budget for the Fire and Police Pension Plans is given in Section 186.2, 190.09, and 528 of the Charter of the City of Los Angeles.

The Charter defines the annual budget amount to be the sum of the Entry Age Normal Cost plus an amount to amortize the Unfunded Actuarial Accrued Liability (UAAL).

The Entry Age Normal Cost is the level percentage of salary necessary to fund each Member's projected future health subsidy benefits over his or her working career (i.e. from entry age to retirement age).

The amortization of the UAAL is the payment stream required to fund the excess of Plan health subsidy liabilities over the sum of the Plan assets and future City Normal Cost contributions. (See section on the Actuarial Balance Sheet.) The method of amortization varies from Article to Article and is defined in the Charter.

The following sections discuss the recommended health subsidy contributions for each Article in more detail.

In our opinion, if these recommended 2001-2002 contribution rates are adopted, all the Plans will be maintained in compliance with the Charter of the City of Los Angeles and in accordance with the methods and assumptions underlying the calculations.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Health Subsidy Budget and Recommended Contributions

The Fire and Police Pension Plan, Tier 1

The budgeted health subsidy contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability in a level dollar amount for the period ending with the fiscal year 2036-2037.

The results for the 2001-2002 fiscal year, along with a comparison with the prior year, follows.

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. City Entry Age Normal Cost as a Percent of Payroll*	0.129%	0.219%	-41.0%
2. Amortization of the UAAL	\$1,036,696	\$425,623	+143.6%
<i>*Percentage is applied to Tier 1 payroll.</i>			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Health Subsidy Budget and Recommended Contributions

The Fire and Police Pension Plan, Tier 2

The budgeted health subsidy contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize the Unfunded Actuarial Accrued Liability (UAAL) as a level percent of payroll over the period ending with the fiscal year 2036-2037. The payroll used is the total payroll of Tiers 1, 2, 3, and 4. The payments have been calculated to increase at the same rate as the expected growth in overall Plan payroll (currently 5.0% per year).

The results for the 2001-2002 fiscal year, along with a comparison with the prior year, follows.

	Recommended 2001-2002	Recommended 2000-2001	Percent Change
1. City Entry Age Normal Cost as a Percent of Payroll*	1.257%	1.256%	+0.1%
2. Amortization of the UAAL as a Percent of Payroll**	1.766%	1.539%	+14.8%
<i>*Applied to Tier 2 payroll only.</i>			
<i>**Applied to total payroll of Tiers 1, 2, 3, and 4 combined.</i>			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Health Subsidy Budget and Recommended Contributions

The Fire and Police Pension Plan, Tier 3

The budgeted health subsidy contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize, as a level percent of pay over 15 years, any increases and decreases in the Unfunded Actuarial Accrued Liability (UAAL) caused by gains and losses. The cost of any changes to the plan or to assumptions are amortized over 30 years. The initial UAAL was amortized over 30 years.

The results for the 2001-2002 fiscal year, along with a comparison with the prior year, follows.

	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. City Entry Age Normal Cost as a Percent of Payroll*	3.084%	2.966%	+4.0%
2. Amortization of the UAAL/(Surplus) as a Percent of Payroll*	(1.233%)	(1.088%)	-13.3%
3. Total Contribution, as a Percent of Payroll*	1.851%	1.878%	-1.4%
<i>*Percentage is applied to Tier 3 payroll only.</i>			
<i>**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.</i>			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS VALUATION OF HEALTH SUBSIDY BENEFITS

Health Subsidy Budget and Recommended Contributions

The Fire and Police Pension Plan, Tier 4

The budgeted health subsidy contribution for this Plan is the sum of the Entry Age Normal Cost plus the amount needed to amortize, as a level percent of pay over 15 years, any increases and decreases in the Unfunded Actuarial Accrued Liability (UAAL) caused by gains and losses. The cost of any changes to the plan or to assumptions are amortized over 30 years. The initial UAAL was amortized over 30 years.

The results for the 2001-2002 fiscal year, along with a comparison with the prior year, follows.

	Recommended 2001-2002	Recommended 2000-2001**	Percent Change
1. City Entry Age Normal Cost as a Percent of Payroll*	3.122%	2.966%	+5.3%
2. Amortization of the UAAL/(Surplus) as a Percent of Payroll*	(1.101%)	(1.088%)	-1.2%
3. Total Contribution, as a Percent of Payroll*	2.021%	1.878%	+7.7%
<i>*Percentage is applied to Tier 4 payroll only.</i>			
<i>**The recommended contributions shown for 2000-2001 are for Article XXXV, Plans 1 and 2 combined.</i>			

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLAN VALUATION OF HEALTH SUBSIDY BENEFITS

Assumptions and Methods

The assumptions used in the valuation of health subsidy benefits are very critical. They must anticipate a number of future occurrences, such as:

- Future rate of return on Plan assets
- Future increases in the cost of medical care
- Future changes in the proportion of medical care costs covered by Medicare
- Future changes in medical care utilization
- Future participation in the health subsidy benefits
- Future participation of Plan Members in Medicare Parts A and B

These assumptions must be reasonable on their own, and in conjunction with each other. They also must result in a realistic relationship of future medical care costs with the economy as a whole.

We have developed a set of actuarial assumptions for use in this valuation of the health subsidy benefits of the Fire and Police Pension Plan. A detailed outline of these assumptions can be found in Exhibit IV. A summary of the two most critical of these assumptions follows:

1. Investment Return: 8.5%

This rate reflects the expected earnings of the Plans' assets. Currently, health subsidy assets are commingled with the rest of the Plans' assets, and invested in the same manner. Therefore, it is appropriate that this rate of return be the same as that used in the valuation of retirement, disability, and death benefits of the Plans.

2. Medical Trend Rate:

This rate encompasses future changes in medical care prices, utilization and Medicare. The increases we have assumed begin with an 7.75% increase in 2001-2002 for pre-65 premiums and 7.5% for post-65 premiums. These rates decrease slowly until an ultimate rate of 6.5% is reached in 2006 and thereafter.

In order to value future subsidy benefits for Members not yet retired, we must determine the average subsidy amount being paid to current Fire and Police Pension Plan pensioners. We analyzed current data and determined the average subsidy amount being paid, per year of service. We applied these average subsidy amounts, with the appropriate medical trend increases, to future subsidy recipients in order to determine the present value of future benefits from the Plan.

More detail on these average claim rates can be found in Exhibit IV.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Exhibits

Table Of Contents

- Exhibit I:** Summary of Pension Plan Benefits
- Exhibit II:** Summary of Health Subsidy Benefits
- Exhibit III:** Summary of Actuarial Assumptions and Methods used for Valuation of Pension Benefits
- Exhibit IV:** Summary of Actuarial Assumptions and Methods Used For Valuation of Health Subsidy Benefits
- Exhibit V:** Rates of Separation from Active Service
- Exhibit VI:** Age/Service/Salary Distribution for Active Members as of June 30, 2000
- Exhibit VII:** Age/Benefit Distribution of Pensioners as of June 30, 2000
- Exhibit VIII:** Age/Health Subsidy Benefit Distribution of Pensioners as of June 30, 2000

CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Summary Of Pension Plan Benefits

	Tier 1	Tier 2	Tiers 3 and 4
1. SERVICE RETIREMENT			
a. Eligibility	20 years of service.	20 years of service.	Tier 3: Age 50 with 10 years of service. Tier 4: 20 years of service.
b. Salary Base	Final salary rate.	Final salary rate.	One-year average salary.
c. Pension as a percentage of salary base	40% at 20 years of service, plus 2% for each additional year up to 25 years of service, plus 1-2/3% for each additional year between 25 and 35 years of service. Maximum of 66-2/3% for 35 or more years of service.	40% at 20 years of service, plus 2% for each additional year up to 25 years of service. 55% at 25 years of service, plus 3% for each additional year between 25 and 30 years of service. Maximum of 70% for 30 or more years of service.	2% per year of service up to 20 years of service, plus 3% for each additional year of service up to 30 years of service. Maximum of 70% for 30 or more years of service.
2. SERVICE-CONNECTED DISABILITY			
a. Eligibility	No age or service conditions.	No age or service conditions.	No age or service conditions.
b. Salary Base	Final salary rate.	Final salary rate.	One-year average salary.
c. Pension as a percentage of salary base	50% to 90% depending on severity of disability, with a minimum of any service pension available.	50% to 90% depending on severity of disability, with a minimum of any service pension available.	30% to 90% depending on severity of disability, with a minimum of 2% per year of service.
3. NONSERVICE-CONNECTED DISABILITY			
a. Eligibility	Five years of service.	Five years of service.	Five years of service.
b. Salary Base	Final salary rate for highest-paid police officer's or fire-fighter's rank.	Final salary rate for highest-paid police officer's or fire-fighter's rank.	One-year average of Member's own salary.
c. Pension as a percentage of salary base	40%.	40%.	30% to 50% depending on severity of disability.
4. SERVICE-CONNECTED DEATH OR DEATH AFTER SERVICE-CONNECTED DISABILITY			
a. Eligibility	No age or service conditions for Member.	No age or service conditions for Member.	No age or service conditions for Member.
b. Salary Base	Final salary rate.	Final salary rate.	One-year average salary.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Pension Plan Benefits

	Tier 1	Tier 2	Tiers 3 and 4
c. Eligible spouse's benefit as a percentage of salary base	50%.	50% with less than 25 years of service. 55% with 25 or more years of service.	75% if service connected death or disabled less than 3 years; otherwise 60% of Member's disability pension.
d. Children's benefit as a percentage of spouse's benefit	100% if spouse not receiving benefits, otherwise: 25% for one child 40% for two children 50% for three children Pension not payable after child reaches age 18 unless child is disabled before age 21.	Same as Tier 1.	Same percentages as Tier 1. Pension not payable after child reaches age 18 (age 22 if in school) unless child is disabled before age 21.
e. Dependent parent's benefit as a percentage of spouse's benefit	100% if spouse or children not receiving.	Same as Tier 1.	Same as Tier 1.
5. DEATH WHILE ELIGIBLE FOR SERVICE RETIREMENT OR DEATH AFTER SERVICE RETIREMENT			
a. Eligibility	20 years of service.	20 years of service.	Age 50 with 10 years of service.
b. Eligible spouse's benefit	100% of Member's accrued service retirement, not to exceed 50% of final salary rate.	100% of Member's accrued service retirement, not to exceed 55% of final salary rate.	60% of Member's accrued service retirement.
c. Children's benefit as a percentage of spouse's benefit	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.
d. Dependent parent's benefit as a percentage of spouse's benefit	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Pension Plan Benefits

	Tier 1	Tier 2	Tiers 3 and 4
6. NONSERVICE-CONNECTED DEATH OR DEATH AFTER NONSERVICE-CONNECTED DISABILITY			
a. Eligibility	Five years of service.	Five years of service.	Five years of service.
b. Eligible spouse's benefit	40% of final salary rate for highest-paid police officer's or firefighter's rank.	40% of final salary rate for highest-paid police officer's or firefighter's rank.	For nonservice death: 30% of final one-year average salary or, if eligible for service retirement, 80% of accrued service retirement not to exceed 40% of final one-year average salary. For death after non-service disability: 60% of Member's pension.
c. Children's benefit as a percentage of spouse's benefit.	Same conditions and percentages as for service connected death.	Same conditions and percentages as for service connected death.	Same conditions and percentages as for service connected death.
d. Dependent parent's benefit as a percentage of spouse's benefit	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.	Same conditions and percentages as for service-connected death.
7. COST-OF-LIVING			
a. Generally applicable provisions	<p>Current Plan Provision:</p> <p>Full annual cost-of-living increase.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers.</p> <p>Survivors' pension include the percentage of cost-of-living increases applied to the Member's pension prior to death.</p>	<p>Current Plan Provision:</p> <p>Full annual cost-of-living increase.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers.</p> <p>Survivors' pension include the percentage of cost-of-living increases applied to the Member's pension prior to death.</p>	<p>Annual cost-of-living increase not to exceed 3%.</p> <p>Cost-of-living increases compound, and are based upon the Consumer Price Index for all Urban Consumers.</p> <p>City Council may grant discretionary cost-of-living increases once every three years.</p>

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Pension Plan Benefits

	Tier 1	Tier 2	Tier 3 and 4
			Survivor's pensions include the percentage of cost-of-living increases applied to the Member's pension prior to death. Pro rata adjustment in the first year of retirement.
b. Effective date of cost-of-living increases			
i. Service retirement	Annual increases commence on July 1 following the later of the effective date or the date the Member would have been age 55.	Annual increases commence on the July 1 following the later of the effective date or the date the Member would have completed 25 years of service.	Same provisions for all types of pensions. Annual increases commence on the July 1 following the effective date.
ii. Service-connected disability, service connected death	Annual increases commence on the July 1 following the effective date.	Annual increases commence on the July 1 following the effective date.	
iii. Nonservice-connected disability	Annual increases commence on the July 1 following the date the Member would have been age 55 or 5 years after the effective date of the pension if earlier.	Annual increases commence on the July 1 following the date the Member would have had 25 years of service or 5 years after the effective date of the Member's pension if earlier.	
iv. Nonservice-connected death, death while eligible for service retirement	Annual increases commence on the July 1 following the date the Member would have been age 55 or 5 years after the effective date of the pension if earlier.	Annual increases commence on the July 1 following the date the Member would have had 26 years of service or 5 years after the effective date of the pension of the beneficiary if earlier.	
v. Death after nonservice-connected disability, death after service-connected disability.	Annual increases commence on the July 1 following the date the Member would have been age 55 or 5 years after the effective date of the pension if earlier.	Annual increases commence on the July 1 following the date the Member would have had 26 years of service or 5 years after the effective date of the Member's pension if earlier.	

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Pension Plan Benefits

	Tier 1	Tier 2	Tiers 3 and 4
8. MEMBERS' CONTRIBUTIONS AS AN ANNUAL PERCENTAGE OF PAY			
	6%. No Member contributions required after thirty years of service.	6% plus 1/2 cost of cost-of living benefit up to 1%. No Member contributions required after thirty years of service.	8%. No Member contributions required after thirty years of service.
9. MISCELLANEOUS			
a. Vesting of service retirement	No vesting until retirement (20 years).	No vesting until retirement (20 years).	Tier 3: After 10 years of service. Tier 4: No vesting until retirement (20 years)
b. Return of contributions with interest	On termination or death if no other benefits are payable.	On termination or death if no other benefits are payable.	On termination (Tier 3 only) or death if no other benefits are payable. (except basic death benefit).
c. Basic death benefit	None.	None.	In addition to return of contributions, beneficiary receives one-year average salary times years of completed service (not to exceed 6).
d. Optional forms of benefit	None.	None.	At service or disability retirement, Member may elect higher death benefit with corresponding actuarial reduction of retirement benefit.

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary of Health Subsidy Benefit Provisions

BASIC SUBSIDY

Eligibility:	Retired Members age 55 and over who retired with 10 or more years of service. Members who retire prior to July 1, 1999 are subject to an eligibility requirement of age 60 with 10 or more years of service. Subsidy is paid only to Members on service, or disability retirements. Surviving spouses/domestic partners are eligible for benefits upon the death of the Member. Basic subsidy is paid until age 65, or after age 65 if Member is not covered by Medicare Parts A and B.
Amount of Subsidy:	4% per year of service, to a maximum of 100%, times Maximum Subsidy, subject to a maximum of the actual premium paid to City approved health carrier.
Maximum Subsidy:	Lesser of monthly amount paid to active Fire and Police Members and retired CERS Members. Effective July 1, 2000, maximum is \$483 per month. For Surviving spouses, the maximum subsidy is \$303.22 per month.
Increase in Subsidy:	Based on the lesser of the rate increases to active Fire and Police Members or the dollar increase to the civilian retirees, 2 party non Medicare Kaiser plan, subject to Board approval.
Spousal/Domestic Partner Portion:	Difference between Basic Subsidy amount and single party premium.

MEDICARE RELATED SUBSIDY

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

Amount of Subsidy to Participant: 100% of actual premium up to civilian retiree limit to City approved health carrier with 20-24 years of service.

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

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

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

Spousal Portion: Difference between Medicare Related Subsidy amount and single party premium without Medicare.

SPECIAL SUBSIDY

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

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

Amount of Subsidy:

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

MEDICARE PREMIUM
SUBSIDY

For retired Members enrolled in Medicare A & B who are receiving a subsidy, the Plan provide payment of Part B premiums (\$45.50 per month for calendar year 2000).

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary Of Actuarial Assumptions And Methods Used for Valuation of Pension Benefits

Interest Rate: 8.5% per year.

Salary Increases: The total payroll of the Plan is assumed to increase 5.0% per year.

Annual salary increases for individuals vary by age.

Age	Annual Salary Increase
Under 25	10.00%
25-29	9.00%
30-34	8.00%
35-39	7.00%
40-44	6.00%
45-49	5.75%
50 and over	5.50%

Cost-of-Living: A. Tiers 1 and 2:
5.0% per year on all benefits.

B. Tiers 3 and 4:
3.0% per year on all benefits.

Mortality: A. For Pensioners on service retirement:

1994 Group Annuity Mortality Basic Table.

Age	Sample Rates	
	Deaths per 1,000	Average Life Expectancy
45	1.7	34.7
50	2.8	30.1
55	4.8	25.5
60	8.6	21.2
65	15.6	17.3
70	25.5	13.8
75	40.0	10.7

B. For Pensioners on disability retirement:

1984 PBGC Disabled Life Mortality Table for males not receiving Social Security, with ages set back three years.

Sample Rates		
Age	Deaths per 1,000	Average Life Expectancy
45	3.8	30.4
50	6.2	26.1
55	9.9	22.0
60	15.5	18.2
65	24.8	14.7
70	37.7	11.7
75	57.8	9.0

C. For Spouses:

1994 Group Annuity Mortality Basic Table, with four year setback.

Sample Rates		
Age	Deaths per 1,000	Average Life Expectancy
40	0.9	43.3
45	1.2	38.5
50	1.9	33.8
55	3.1	29.1
60	5.3	24.7
65	9.7	20.4
70	17.5	16.6

Probabilities of Meeting
Vesting Requirements:

A. Tier 2:

1. Probability of Working 20 Years

Age At Hire	Fire Members	Police Members
Under 25	62.1%	52.5%
25-29	74.1	63.6
30-34	76.7	68.4
35-39	67.4	68.2
40-44	46.4	65.6
45-49	29.0	61.8

2. Probability of Working 10 Years

Age At Hire	Fire Members	Police Members
Under 25	70.2%	64.1%
25-29	82.5	75.7
30-34	88.5	82.0
35-39	89.9	84.0
40-44	86.7	83.4
45-49	75.0	81.2

B. Tiers 3 and 4:

1. Probability of Working to Age 50

Age at Hire	Fire Members	Police Members
under 25	56.0%	47.2%
25-29	70.6	56.8
30-34	79.8	62.5
35-39	85.7	66.9
40-44	90.2	71.4
45-49	95.3	76.2

2. Probability of Working 10 Years

Age at Hire	Fire Members	Police Members
Under 25	70.2%	65.5%
25-29	82.5	70.9
30-34	88.5	71.7
35-39	89.9	70.7
40-44	86.7	68.6
45-49	75.0	65.4

3. Probability of Working to Age 50 with 10 Years

Age at Hire	Fire Members	Police Members
under 25	56.0%	47.2%
25-29	70.6	56.8
30-34	79.8	62.5
35-39	85.7	66.9
40-44	86.7	68.6
45-49	75.0	65.4

4. Probability of Working 20 Years

Age at Hire	Fire Members	Police Members
Under 25	62.1%	54.2%
25-29	74.1	59.9
30-34	76.7	60.0
35-39	67.4	57.5
40-44	46.4	54.0
45-49	29.0	49.9

Dependents: Where no other information is available, Members are assumed to have two children with a three year difference in age. The eldest is assumed to reach age 21 when the participant reaches age 45.

Proportion of Members with Spouses or domestic partners at Retirement: 86%.

Average Service-Connected Disability Benefits: Benefits are assumed to follow this schedule:

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

Average Nonservice-Connected Disability benefit for Tiers 3 & 4: 40% of Salary Base.

Funding Method: Entry Age Normal Funding Method.

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

CITY OF LOS ANGELES FIRE AND POLICE PENSION PLANS

Summary of Actuarial Assumptions and Methods Used For Valuation of Health Subsidy Benefits

Interest Rate: 8.5%.

Salary Increases:

Age	Annual Salary Increase
Under 25	10.00%
25-29	9.00%
30-34	8.00%
35-39	7.00%
40-44	6.00%
45-49	5.75%
50 and over	5.50%

Medical Inflation Rate:

Year	Pre-65	Post-65
2001-2002	7.75%	7.50%
2001-2002	7.50%	7.25%
2002-2003	7.25%	7.00%
2003-2004	7.00%	6.75%
2004-2005	6.75%	6.50%
2005+	6.50%	6.50%

Medicare Premium
Inflation Rate:

Year	Increase
2000+	6.5%

Members Assumed To
Receive Subsidy: 85%

Members Assumed
Married or have Domestic
Partners At Retirement: 86%

Members Assumed To
Receive Medicare A&B: 90%

Surviving Spouses Assumed
To Elect Health Subsidy 70%

- Mortality:
- A. For Pensioners on service retirement:
1994 Group Annuity Mortality Basic Table.
 - B. For Pensioners on disability retirement:
1984 PBGC Disabled Life Mortality Table for
males not receiving Social Security with ages
setback three years.
 - C. For Spouses:
1994 Group Annuity Mortality Basic Table, with four
year setback.

Average Subsidy Rates
as of June 30, 2000:

Age of Pensioner	Monthly Subsidy Per Year of Service*
Under Age 65	\$13.56 for Single Member \$16.09 for Married Member \$ 9.50 for Surviving Spouses
Age 65 and Over	\$8.84 for Single Member with Medicare \$10.96 for Married Member with Medicare \$12.80 for Single Member without Medicare \$16.31 for Married Member without Medicare \$6.11 for Surviving Spouses
<i>*Maximum service for this purpose is 25 years.</i>	

Funding Method:

Entry Age Normal Funding Method.

Asset Valuation Method:

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

CITY OF LOS ANGELES

FIRE AND POLICE PENSION PLANS

Rates Of Separation From Active Service

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

- | | | |
|----|---|---|
| 1. | Ordinary Withdrawal: | Member terminates and elects a refund of Member contributions. |
| 2. | Service Retirement: | Member retires after meeting age and service requirements for reasons other than disability. |
| 3. | Ordinary Disability: | Member receives disability retirement; disability is not service related. |
| 4. | Service Disability: | Member receives disability retirement resulting from service related disability. |
| 5. | Ordinary Death: | Member dies before eligibility for retirement; death is not service related. |
| 6. | Service Death: | Member dies before retirement as a result of assigned duties. |
| 7. | Death While Eligible for Service Retirement: | Member dies before retirement but after meeting age and service requirements for service retirement. |
| 8. | Death While Eligible for Disability Retirement: | Member dies before retirement but after meeting age and service requirements for disability retirement. |

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 0.0277 for a Fire Member's service retirement at age 45 means we assume that, on average, 2.77 out of 100 Members who are age 45 will retire at that age.

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Fire Members**

Tiers 1 and 2

<u>Age</u>	Ordinary *		Service		Ordinary		Service		Death While Eligible For:	
	<u>Withdrawal</u>	<u>Retirement</u>	<u>Disability</u>	<u>Disability</u>	<u>Death</u>	<u>Death</u>	<u>Retirement</u>	<u>Disability Retirement</u>	<u>Retirement</u>	<u>Retirement</u>
20	0.0775	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000
21	0.0687	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000
22	0.0580	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	0.0000	0.0000
23	0.0502	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000
24	0.0435	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000
25	0.0378	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000
26	0.0330	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	0.0000	0.0000
27	0.0290	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000
28	0.0254	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000
29	0.0224	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	0.0000	0.0000
30	0.0199	0.0000	0.0000	0.0005	0.0001	0.0004	0.0001	0.0001	0.0001	0.0001
31	0.0177	0.0000	0.0001	0.0005	0.0001	0.0004	0.0001	0.0001	0.0001	0.0001
32	0.0157	0.0000	0.0001	0.0005	0.0001	0.0005	0.0001	0.0001	0.0001	0.0001
33	0.0141	0.0000	0.0002	0.0006	0.0001	0.0005	0.0002	0.0002	0.0002	0.0002
34	0.0127	0.0000	0.0002	0.0008	0.0001	0.0005	0.0002	0.0002	0.0002	0.0002
35	0.0111	0.0000	0.0002	0.0009	0.0001	0.0005	0.0002	0.0002	0.0002	0.0002
36	0.0095	0.0000	0.0002	0.0012	0.0001	0.0005	0.0002	0.0002	0.0002	0.0002
37	0.0083	0.0000	0.0002	0.0019	0.0001	0.0006	0.0002	0.0002	0.0002	0.0002
38	0.0072	0.0000	0.0002	0.0022	0.0001	0.0006	0.0003	0.0003	0.0003	0.0003
39	0.0062	0.0000	0.0002	0.0026	0.0002	0.0006	0.0003	0.0003	0.0003	0.0003
40	0.0054	0.0000	0.0002	0.0034	0.0002	0.0006	0.0003	0.0003	0.0003	0.0003
41	0.0047	0.0181	0.0002	0.0041	0.0002	0.0006	0.0003	0.0003	0.0003	0.0003
42	0.0041	0.0202	0.0002	0.0045	0.0002	0.0006	0.0003	0.0003	0.0003	0.0003
43	0.0036	0.0224	0.0003	0.0051	0.0002	0.0007	0.0003	0.0003	0.0003	0.0003
44	0.0031	0.0249	0.0003	0.0058	0.0002	0.0007	0.0003	0.0003	0.0003	0.0003
45	0.0026	0.0277	0.0003	0.0080	0.0002	0.0007	0.0003	0.0003	0.0003	0.0003
46	0.0023	0.0308	0.0003	0.0099	0.0002	0.0007	0.0003	0.0003	0.0003	0.0003
47	0.0020	0.0342	0.0003	0.0118	0.0002	0.0007	0.0003	0.0003	0.0003	0.0003
48	0.0017	0.0380	0.0003	0.0134	0.0003	0.0007	0.0004	0.0004	0.0004	0.0004
49	0.0015	0.0423	0.0003	0.0138	0.0003	0.0007	0.0004	0.0004	0.0004	0.0004
50	0.0000	0.0470	0.0003	0.0150	0.0003	0.0008	0.0004	0.0004	0.0004	0.0004
51	0.0000	0.0522	0.0003	0.0185	0.0003	0.0008	0.0005	0.0005	0.0005	0.0005
52	0.0000	0.0580	0.0004	0.0204	0.0003	0.0008	0.0005	0.0005	0.0005	0.0005
53	0.0000	0.0645	0.0004	0.0231	0.0004	0.0008	0.0005	0.0005	0.0005	0.0005
54	0.0000	0.0717	0.0004	0.0316	0.0004	0.0008	0.0006	0.0006	0.0006	0.0006
55	0.0000	0.0797	0.0004	0.0478	0.0004	0.0009	0.0006	0.0006	0.0006	0.0006
56	0.0000	0.0886	0.0004	0.0567	0.0004	0.0009	0.0006	0.0006	0.0006	0.0006
57	0.0000	0.0985	0.0004	0.0630	0.0005	0.0009	0.0007	0.0007	0.0007	0.0007
58	0.0000	0.1094	0.0004	0.0719	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
59	0.0000	0.1216	0.0005	0.0788	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
60	0.0000	0.1352	0.0005	0.0823	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
61	0.0000	0.1503	0.0005	0.0943	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
62	0.0000	0.1670	0.0005	0.1478	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
63	0.0000	0.1856	0.0005	0.1500	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
64	0.0000	0.2063	0.0005	0.1667	0.0005	0.0010	0.0007	0.0007	0.0007	0.0007
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* No withdrawal is assumed once a member is vested.

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Police Members**

Tiers 1 and 2

<u>Age</u>	Ordinary *		Service		Ordinary		Service		Death While Eligible For:	
	<u>Withdrawal</u>	<u>Retirement</u>	<u>Disability</u>	<u>Disability</u>	<u>Death</u>	<u>Death</u>	<u>Retirement</u>	<u>Disability Retirement</u>		
20	0.0788	0.0000	0.0000	0.0005	0.0006	0.0002	0.0000	0.0006		
21	0.0710	0.0000	0.0000	0.0005	0.0006	0.0002	0.0000	0.0004		
22	0.0640	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004		
23	0.0576	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004		
24	0.0519	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004		
25	0.0468	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004		
26	0.0422	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004		
27	0.0380	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004		
28	0.0342	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004		
29	0.0309	0.0000	0.0002	0.0005	0.0006	0.0004	0.0000	0.0004		
30	0.0278	0.0000	0.0002	0.0007	0.0006	0.0004	0.0000	0.0004		
31	0.0251	0.0000	0.0002	0.0009	0.0006	0.0004	0.0000	0.0004		
32	0.0226	0.0000	0.0002	0.0011	0.0006	0.0005	0.0000	0.0004		
33	0.0203	0.0000	0.0002	0.0013	0.0006	0.0005	0.0001	0.0004		
34	0.0183	0.0000	0.0002	0.0016	0.0006	0.0005	0.0001	0.0004		
35	0.0165	0.0000	0.0002	0.0020	0.0006	0.0005	0.0001	0.0004		
36	0.0149	0.0000	0.0002	0.0027	0.0006	0.0006	0.0001	0.0004		
37	0.0134	0.0000	0.0002	0.0034	0.0006	0.0006	0.0001	0.0004		
38	0.0121	0.0000	0.0002	0.0041	0.0006	0.0006	0.0001	0.0004		
39	0.0109	0.0000	0.0002	0.0048	0.0008	0.0006	0.0001	0.0005		
40	0.0098	0.0000	0.0003	0.0055	0.0008	0.0006	0.0002	0.0005		
41	0.0088	0.0600	0.0003	0.0062	0.0008	0.0007	0.0002	0.0005		
42	0.0080	0.0600	0.0003	0.0069	0.0008	0.0007	0.0002	0.0005		
43	0.0072	0.0600	0.0003	0.0076	0.0008	0.0007	0.0002	0.0005		
44	0.0065	0.0600	0.0003	0.0083	0.0008	0.0007	0.0003	0.0005		
45	0.0058	0.0600	0.0003	0.0090	0.0008	0.0007	0.0003	0.0005		
46	0.0053	0.0716	0.0003	0.0098	0.0008	0.0008	0.0003	0.0005		
47	0.0047	0.0832	0.0003	0.0106	0.0008	0.0008	0.0003	0.0005		
48	0.0043	0.0947	0.0003	0.0116	0.0008	0.0008	0.0003	0.0006		
49	0.0038	0.1063	0.0003	0.0125	0.0008	0.0008	0.0004	0.0006		
50	0.0000	0.1179	0.0003	0.0134	0.0009	0.0008	0.0004	0.0006		
51	0.0000	0.1295	0.0003	0.0143	0.0009	0.0009	0.0004	0.0006		
52	0.0000	0.1411	0.0003	0.0147	0.0011	0.0009	0.0004	0.0006		
53	0.0000	0.1526	0.0003	0.0152	0.0011	0.0009	0.0004	0.0007		
54	0.0000	0.1642	0.0003	0.0156	0.0012	0.0010	0.0004	0.0008		
55	0.0000	0.1758	0.0003	0.0163	0.0012	0.0010	0.0005	0.0008		
56	0.0000	0.1874	0.0003	0.0168	0.0014	0.0010	0.0005	0.0009		
57	0.0000	0.1989	0.0003	0.0175	0.0014	0.0010	0.0005	0.0009		
58	0.0000	0.2105	0.0003	0.0182	0.0015	0.0010	0.0005	0.0010		
59	0.0000	0.2221	0.0003	0.0188	0.0015	0.0010	0.0005	0.0010		
60	0.0000	0.2337	0.0003	0.0194	0.0015	0.0010	0.0006	0.0010		
61	0.0000	0.2453	0.0003	0.0200	0.0015	0.0010	0.0006	0.0010		
62	0.0000	0.2568	0.0003	0.0208	0.0015	0.0010	0.0006	0.0010		
63	0.0000	0.2684	0.0003	0.0215	0.0015	0.0010	0.0006	0.0010		
64	0.0000	0.2800	0.0003	0.0220	0.0015	0.0010	0.0006	0.0010		
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000		
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000		

* No withdrawal is assumed once a member is vested.

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Fire Members**

Age	Tier 3							Death While Eligible For:	
	Ordinary * Withdrawal	Service Retirement	Ordinary Disability	Service Disability	Ordinary Death	Service Death	Service Retirement	Disability Retirement	
20	0.0775	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
21	0.0687	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
22	0.0580	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
23	0.0502	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
24	0.0435	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
25	0.0378	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
26	0.0330	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
27	0.0290	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
28	0.0254	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
29	0.0224	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
30	0.0199	0.0000	0.0000	0.0005	0.0001	0.0004	0.0001	0.0001	
31	0.0177	0.0000	0.0001	0.0005	0.0001	0.0004	0.0001	0.0001	
32	0.0157	0.0000	0.0001	0.0005	0.0001	0.0005	0.0001	0.0001	
33	0.0141	0.0000	0.0002	0.0006	0.0001	0.0005	0.0002	0.0002	
34	0.0127	0.0000	0.0002	0.0008	0.0001	0.0005	0.0002	0.0002	
35	0.0111	0.0000	0.0002	0.0009	0.0001	0.0005	0.0002	0.0002	
36	0.0095	0.0000	0.0002	0.0012	0.0001	0.0005	0.0002	0.0002	
37	0.0083	0.0000	0.0002	0.0019	0.0001	0.0006	0.0002	0.0002	
38	0.0072	0.0000	0.0002	0.0022	0.0001	0.0006	0.0003	0.0002	
39	0.0062	0.0000	0.0002	0.0026	0.0002	0.0006	0.0003	0.0003	
40	0.0054	0.0000	0.0002	0.0034	0.0002	0.0006	0.0003	0.0003	
41	0.0047	0.0000	0.0002	0.0041	0.0002	0.0006	0.0003	0.0003	
42	0.0041	0.0000	0.0002	0.0045	0.0002	0.0006	0.0003	0.0003	
43	0.0036	0.0000	0.0003	0.0051	0.0002	0.0007	0.0003	0.0003	
44	0.0031	0.0000	0.0003	0.0058	0.0002	0.0007	0.0003	0.0003	
45	0.0026	0.0000	0.0003	0.0080	0.0002	0.0007	0.0003	0.0003	
46	0.0023	0.0000	0.0003	0.0099	0.0002	0.0007	0.0003	0.0003	
47	0.0020	0.0000	0.0003	0.0118	0.0002	0.0007	0.0003	0.0003	
48	0.0017	0.0000	0.0003	0.0134	0.0003	0.0007	0.0004	0.0004	
49	0.0015	0.0000	0.0003	0.0138	0.0003	0.0007	0.0004	0.0004	
50	0.0000	0.2000	0.0003	0.0150	0.0003	0.0008	0.0004	0.0004	
51	0.0000	0.1800	0.0003	0.0185	0.0003	0.0008	0.0005	0.0005	
52	0.0000	0.1600	0.0004	0.0204	0.0003	0.0008	0.0005	0.0005	
53	0.0000	0.1400	0.0004	0.0231	0.0003	0.0008	0.0005	0.0005	
54	0.0000	0.1200	0.0004	0.0316	0.0004	0.0008	0.0006	0.0006	
55	0.0000	0.1000	0.0004	0.0478	0.0004	0.0009	0.0006	0.0006	
56	0.0000	0.0886	0.0004	0.0567	0.0004	0.0009	0.0006	0.0006	
57	0.0000	0.0985	0.0004	0.0630	0.0005	0.0009	0.0007	0.0007	
58	0.0000	0.1094	0.0004	0.0719	0.0005	0.0010	0.0007	0.0007	
59	0.0000	0.1216	0.0005	0.0788	0.0005	0.0010	0.0007	0.0007	
60	0.0000	0.1352	0.0005	0.0823	0.0005	0.0010	0.0007	0.0007	
61	0.0000	0.1503	0.0005	0.0943	0.0005	0.0010	0.0007	0.0007	
62	0.0000	0.1670	0.0005	0.1478	0.0005	0.0010	0.0007	0.0007	
63	0.0000	0.1856	0.0005	0.1500	0.0005	0.0010	0.0007	0.0007	
64	0.0000	0.2063	0.0005	0.1667	0.0005	0.0010	0.0007	0.0007	
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

* No withdrawal is assumed once a member is vested.

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Police Members**

Age	Tier 3						Death While Eligible For:	
	Ordinary * <u>Withdrawal</u>	Service <u>Retirement</u>	Ordinary <u>Disability</u>	Service <u>Disability</u>	Ordinary <u>Death</u>	Service <u>Death</u>	Service <u>Retirement</u>	Disability <u>Retirement</u>
20	0.0737	0.0000	0.0000	0.0000	0.0005	0.0006	0.0002	0.0000
21	0.0664	0.0000	0.0000	0.0005	0.0006	0.0002	0.0000	0.0004
22	0.0598	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
23	0.0539	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
24	0.0485	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
25	0.0438	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
26	0.0395	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
27	0.0355	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004
28	0.0320	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004
29	0.0289	0.0000	0.0002	0.0005	0.0006	0.0004	0.0000	0.0004
30	0.0260	0.0000	0.0002	0.0007	0.0006	0.0004	0.0000	0.0004
31	0.0235	0.0000	0.0002	0.0009	0.0006	0.0004	0.0000	0.0004
32	0.0211	0.0000	0.0002	0.0011	0.0006	0.0005	0.0000	0.0004
33	0.0190	0.0000	0.0002	0.0013	0.0006	0.0005	0.0001	0.0004
34	0.0171	0.0000	0.0002	0.0016	0.0006	0.0005	0.0001	0.0004
35	0.0154	0.0000	0.0002	0.0020	0.0006	0.0005	0.0001	0.0004
36	0.0139	0.0000	0.0002	0.0027	0.0006	0.0006	0.0001	0.0004
37	0.0125	0.0000	0.0002	0.0034	0.0006	0.0006	0.0001	0.0004
38	0.0113	0.0000	0.0002	0.0041	0.0006	0.0006	0.0001	0.0004
39	0.0102	0.0000	0.0002	0.0048	0.0008	0.0006	0.0001	0.0005
40	0.0092	0.0000	0.0003	0.0055	0.0008	0.0006	0.0002	0.0005
41	0.0082	0.0000	0.0003	0.0062	0.0008	0.0007	0.0002	0.0005
42	0.0075	0.0000	0.0003	0.0069	0.0008	0.0007	0.0002	0.0005
43	0.0067	0.0000	0.0003	0.0076	0.0008	0.0007	0.0002	0.0005
44	0.0061	0.0000	0.0003	0.0083	0.0008	0.0007	0.0003	0.0005
45	0.0054	0.0000	0.0003	0.0090	0.0008	0.0007	0.0003	0.0005
46	0.0050	0.0000	0.0003	0.0098	0.0008	0.0008	0.0003	0.0005
47	0.0044	0.0000	0.0003	0.0106	0.0008	0.0008	0.0003	0.0005
48	0.0040	0.0000	0.0003	0.0116	0.0008	0.0008	0.0003	0.0006
49	0.0036	0.0000	0.0003	0.0125	0.0008	0.0008	0.0004	0.0006
50	0.0000	0.2500	0.0003	0.0134	0.0009	0.0008	0.0004	0.0006
51	0.0000	0.2250	0.0003	0.0143	0.0009	0.0009	0.0004	0.0006
52	0.0000	0.2000	0.0003	0.0147	0.0011	0.0009	0.0004	0.0006
53	0.0000	0.1800	0.0003	0.0152	0.0011	0.0009	0.0004	0.0007
54	0.0000	0.1600	0.0003	0.0156	0.0012	0.0010	0.0004	0.0008
55	0.0000	0.1542	0.0003	0.0163	0.0012	0.0010	0.0005	0.0008
56	0.0000	0.1611	0.0003	0.0168	0.0014	0.0010	0.0005	0.0009
57	0.0000	0.1684	0.0003	0.0175	0.0014	0.0010	0.0005	0.0009
58	0.0000	0.1760	0.0003	0.0182	0.0015	0.0010	0.0005	0.0010
59	0.0000	0.1840	0.0003	0.0188	0.0015	0.0010	0.0005	0.0010
60	0.0000	0.1923	0.0003	0.0194	0.0015	0.0010	0.0006	0.0010
61	0.0000	0.2010	0.0003	0.0200	0.0015	0.0010	0.0006	0.0010
62	0.0000	0.2101	0.0003	0.0208	0.0015	0.0010	0.0006	0.0010
63	0.0000	0.2196	0.0003	0.0215	0.0015	0.0010	0.0006	0.0010
64	0.0000	0.2295	0.0003	0.0220	0.0015	0.0010	0.0006	0.0010
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* No withdrawal is assumed once a member is vested.

Withdrawal rates for Members with under five years of service is the greater of the above rate and 4.5%

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Fire Members**

Age	Tier 4							Death While Eligible For:	
	Ordinary * Withdrawal	Service Retirement	Ordinary Disability	Service Disability	Ordinary Death	Service Death	Service Retirement	Disability Retirement	
20	0.0775	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
21	0.0687	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
22	0.0580	0.0000	0.0000	0.0005	0.0000	0.0002	0.0000	0.0000	
23	0.0502	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
24	0.0435	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
25	0.0378	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
26	0.0330	0.0000	0.0000	0.0005	0.0000	0.0003	0.0000	0.0000	
27	0.0290	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
28	0.0254	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
29	0.0224	0.0000	0.0000	0.0005	0.0000	0.0004	0.0000	0.0000	
30	0.0199	0.0000	0.0000	0.0005	0.0001	0.0004	0.0001	0.0001	
31	0.0177	0.0000	0.0001	0.0005	0.0001	0.0004	0.0001	0.0001	
32	0.0157	0.0000	0.0001	0.0005	0.0001	0.0005	0.0001	0.0001	
33	0.0141	0.0000	0.0002	0.0006	0.0001	0.0005	0.0002	0.0002	
34	0.0127	0.0000	0.0002	0.0008	0.0001	0.0005	0.0002	0.0002	
35	0.0111	0.0000	0.0002	0.0009	0.0001	0.0005	0.0002	0.0002	
36	0.0095	0.0000	0.0002	0.0012	0.0001	0.0005	0.0002	0.0002	
37	0.0083	0.0000	0.0002	0.0019	0.0001	0.0006	0.0002	0.0002	
38	0.0072	0.0000	0.0002	0.0022	0.0001	0.0006	0.0003	0.0002	
39	0.0062	0.0000	0.0002	0.0026	0.0002	0.0006	0.0003	0.0003	
40	0.0054	0.0000	0.0002	0.0034	0.0002	0.0006	0.0003	0.0003	
41	0.0047	0.0181	0.0002	0.0041	0.0002	0.0006	0.0003	0.0003	
42	0.0041	0.0202	0.0002	0.0045	0.0002	0.0006	0.0003	0.0003	
43	0.0036	0.0224	0.0003	0.0051	0.0002	0.0007	0.0003	0.0003	
44	0.0031	0.0249	0.0003	0.0058	0.0002	0.0007	0.0003	0.0003	
45	0.0026	0.0277	0.0003	0.0080	0.0002	0.0007	0.0003	0.0003	
46	0.0023	0.0308	0.0003	0.0099	0.0002	0.0007	0.0003	0.0003	
47	0.0020	0.0342	0.0003	0.0118	0.0002	0.0007	0.0003	0.0003	
48	0.0017	0.0380	0.0003	0.0134	0.0003	0.0007	0.0004	0.0004	
49	0.0015	0.0423	0.0003	0.0138	0.0003	0.0007	0.0004	0.0004	
50	0.0000	0.0470	0.0003	0.0150	0.0003	0.0008	0.0004	0.0004	
51	0.0000	0.0522	0.0003	0.0185	0.0003	0.0008	0.0005	0.0005	
52	0.0000	0.0580	0.0004	0.0204	0.0003	0.0008	0.0005	0.0005	
53	0.0000	0.0645	0.0004	0.0231	0.0003	0.0008	0.0005	0.0005	
54	0.0000	0.0717	0.0004	0.0316	0.0004	0.0008	0.0006	0.0006	
55	0.0000	0.0797	0.0004	0.0478	0.0004	0.0009	0.0006	0.0006	
56	0.0000	0.0886	0.0004	0.0567	0.0004	0.0009	0.0006	0.0006	
57	0.0000	0.0985	0.0004	0.0630	0.0005	0.0009	0.0007	0.0007	
58	0.0000	0.1094	0.0004	0.0719	0.0005	0.0010	0.0007	0.0007	
59	0.0000	0.1216	0.0005	0.0788	0.0005	0.0010	0.0007	0.0007	
60	0.0000	0.1352	0.0005	0.0823	0.0005	0.0010	0.0007	0.0007	
61	0.0000	0.1503	0.0005	0.0943	0.0005	0.0010	0.0007	0.0007	
62	0.0000	0.1670	0.0005	0.1478	0.0005	0.0010	0.0007	0.0007	
63	0.0000	0.1856	0.0005	0.1500	0.0005	0.0010	0.0007	0.0007	
64	0.0000	0.2063	0.0005	0.1667	0.0005	0.0010	0.0007	0.0007	
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	

* No withdrawal is assumed once a member is vested.

**City of Los Angeles Fire and Police Pension System
Rates of Separation From Active Service For Police Members**

Age	Tier 4							
	Ordinary * <u>Withdrawal</u>	Service <u>Retirement</u>	Ordinary <u>Disability</u>	Service <u>Disability</u>	Ordinary <u>Death</u>	Service <u>Death</u>	Death While Eligible For:	
							<u>Service Retirement</u>	<u>Disability Retirement</u>
20	0.0737	0.0000	0.0000	0.0000	0.0005	0.0006	0.0002	0.0006
21	0.0664	0.0000	0.0000	0.0005	0.0006	0.0002	0.0000	0.0004
22	0.0598	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
23	0.0539	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
24	0.0485	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
25	0.0438	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
26	0.0395	0.0000	0.0000	0.0005	0.0006	0.0003	0.0000	0.0004
27	0.0355	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004
28	0.0320	0.0000	0.0001	0.0005	0.0006	0.0004	0.0000	0.0004
29	0.0289	0.0000	0.0002	0.0005	0.0006	0.0004	0.0000	0.0004
30	0.0260	0.0000	0.0002	0.0007	0.0006	0.0004	0.0000	0.0004
31	0.0235	0.0000	0.0002	0.0009	0.0006	0.0004	0.0000	0.0004
32	0.0211	0.0000	0.0002	0.0011	0.0006	0.0005	0.0000	0.0004
33	0.0190	0.0000	0.0002	0.0013	0.0006	0.0005	0.0001	0.0004
34	0.0171	0.0000	0.0002	0.0016	0.0006	0.0005	0.0001	0.0004
35	0.0154	0.0000	0.0002	0.0020	0.0006	0.0005	0.0001	0.0004
36	0.0139	0.0000	0.0002	0.0027	0.0006	0.0006	0.0001	0.0004
37	0.0125	0.0000	0.0002	0.0034	0.0006	0.0006	0.0001	0.0004
38	0.0113	0.0000	0.0002	0.0041	0.0006	0.0006	0.0001	0.0004
39	0.0102	0.0000	0.0002	0.0048	0.0008	0.0006	0.0001	0.0005
40	0.0092	0.0000	0.0003	0.0055	0.0008	0.0006	0.0002	0.0005
41	0.0082	0.0600	0.0003	0.0062	0.0008	0.0007	0.0002	0.0005
42	0.0075	0.0600	0.0003	0.0069	0.0008	0.0007	0.0002	0.0005
43	0.0067	0.0600	0.0003	0.0076	0.0008	0.0007	0.0002	0.0005
44	0.0061	0.0600	0.0003	0.0083	0.0008	0.0007	0.0003	0.0005
45	0.0054	0.0600	0.0003	0.0090	0.0008	0.0007	0.0003	0.0005
46	0.0050	0.0716	0.0003	0.0098	0.0008	0.0008	0.0003	0.0005
47	0.0044	0.0832	0.0003	0.0106	0.0008	0.0008	0.0003	0.0005
48	0.0040	0.0947	0.0003	0.0116	0.0008	0.0008	0.0003	0.0006
49	0.0036	0.1063	0.0003	0.0125	0.0008	0.0008	0.0004	0.0006
50	0.0000	0.1179	0.0003	0.0134	0.0009	0.0008	0.0004	0.0006
51	0.0000	0.1295	0.0003	0.0143	0.0009	0.0009	0.0004	0.0006
52	0.0000	0.1411	0.0003	0.0147	0.0011	0.0009	0.0004	0.0006
53	0.0000	0.1526	0.0003	0.0152	0.0011	0.0009	0.0004	0.0007
54	0.0000	0.1642	0.0003	0.0156	0.0012	0.0010	0.0004	0.0008
55	0.0000	0.1758	0.0003	0.0163	0.0012	0.0010	0.0005	0.0008
56	0.0000	0.1874	0.0003	0.0168	0.0014	0.0010	0.0005	0.0009
57	0.0000	0.1989	0.0003	0.0175	0.0014	0.0010	0.0005	0.0009
58	0.0000	0.2105	0.0003	0.0182	0.0015	0.0010	0.0005	0.0010
59	0.0000	0.2221	0.0003	0.0188	0.0015	0.0010	0.0005	0.0010
60	0.0000	0.2337	0.0003	0.0194	0.0015	0.0010	0.0006	0.0010
61	0.0000	0.2453	0.0003	0.0200	0.0015	0.0010	0.0006	0.0010
62	0.0000	0.2568	0.0003	0.0208	0.0015	0.0010	0.0006	0.0010
63	0.0000	0.2684	0.0003	0.0215	0.0015	0.0010	0.0006	0.0010
64	0.0000	0.2800	0.0003	0.0220	0.0015	0.0010	0.0006	0.0010
65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Over 65	0.0000	1.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

* No withdrawal is assumed once a member is vested.

Withdrawal rates for Members with under five years of service is the greater of the above rate and 4.5%

The City Of Los Angeles Fire and Police Pension Systems

Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2000

Tier 1 - Fire Members

Attained Age	Service												Total
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>	
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0

Average Age: N/A
Average Service: N/A

The City Of Los Angeles Fire and Police Pension Systems

Age/Service/Salary Distribution by Attained Age For Active Members as of June 30, 2000

Tier 1 - Police Members

Attained Age	Service												Total	
	<u>0 - 1</u>	<u>1 - 2</u>	<u>2 - 3</u>	<u>3 - 4</u>	<u>4 - 5</u>	<u>5 - 9</u>	<u>10 - 14</u>	<u>15 - 19</u>	<u>20 - 24</u>	<u>25 - 29</u>	<u>30 - 34</u>	<u>Over 34</u>		
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 - 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 - 39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
40 - 44	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	0	0	1	0	1	1
Average Salary	0	0	0	0	0	0	0	0	0	0	74,422	0	74,422	74,422
60 - 64	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Average Salary	0	0	0	0	0	0	0	0	0	0	0	68,224	68,224	68,224
Over 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Average Salary	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	1	1	2	2
Average Salary	0	0	0	0	0	0	0	0	0	0	74,422	68,224	71,323	71,323
Average Age:	59.4													
Average Service:	37.4													

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement And by Attained Age as of June 30, 2000

Tier 1 - Service Retirement

Attained Age	Retirements in Plan Year Beginning in															Total	Average Amount		
	Pre 1986	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999				
Under 40	0	0	0	0	0	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	0	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	21,334
55 - 59	6	4	2	3	3	0	0	0	0	1	0	2	0	1	1	1	23	23	22,460
60 - 64	15	1	0	1	0	0	0	0	0	1	0	0	0	0	0	0	18	18	19,105
65 - 69	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	26	26	18,992
70 - 74	58	0	0	1	1	0	0	0	0	0	0	0	0	0	0	0	60	60	18,571
75 - 79	126	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	126	126	18,159
80 - 84	86	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	86	86	19,596
85 - 89	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	34	34	21,660
90 - 94	6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6	6	26,800
Over 95	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	42,587
Total	361	5	2	5	4	1	0	0	0	2	0	2	0	1	1	384	384		
Average Benefit Amount	19,268	18,241	20,556	24,813	25,532	21,334	0	0	0	36,518	0	32,540	0	19,492	37,642				

Average Benefit Amount: \$ 19,612
 Total Annual Benefits: \$ 7,530,968

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement And by Attained Age as of June 30, 2000

Tier 1 - Disability Retirement

Attained Age	Retirements in Plan Year Beginning in															Total	Average Amount	
	Pre 1986	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999			
Under 40	0	0	0	0	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	0	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	5	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	6	31,589
55 - 59	24	1	0	1	0	0	1	0	0	0	0	0	0	0	0	0	27	30,481
60 - 64	41	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	42	25,073
65 - 69	44	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	45	22,541
70 - 74	89	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	89	20,375
75 - 79	79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	79	20,831
80 - 84	28	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	22,270
85 - 89	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	21,615
90 - 94	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	18,957
Over 95	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	316	2	1	1	1	0	1	0	0	0	0	0	0	0	0	0	322	0
Average Benefit Amount	22,384	35,936	29,167	39,339	35,472	0	37,896	0	0	0	0	0	0	0	0	0		

Average Benefit Amount: \$ 22,631
 Total Annual Benefits: \$ 7,287,099

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement And by Attained Age as of June 30, 2000

Tier 3 - Surviving Spouses And Dependents

Attained Age	Retirements in Plan Year Beginning in															Total	Average Amount
	Pre 1986	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999		
Under 40	1	0	0	0	0	0	3	0	1	2	1	0	1	0	16	25	43,285
40 - 44	0	0	2	0	0	0	0	0	1	1	2	0	0	0	0	6	45,419
45 - 49	0	0	0	0	0	0	0	0	1	0	0	1	0	0	0	2	38,095
50 - 54	0	0	1	0	0	0	0	0	0	1	0	0	0	0	0	2	17,060
55 - 59	0	0	0	0	0	0	1	0	0	0	0	1	0	1	1	4	23,797
60 - 64	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
65 - 69	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1	12,921
70 - 74	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
75 - 79	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
80 - 84	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
85 - 89	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
90 - 94	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Over 95	0	0	0	0	0	0	1	2	0	1	0	1	1	1	6	13	25,744
Total	1	0	3	0	0	0	5	3	3	5	3	3	2	2	23	53	
Average Benefit Amount	31,457	0	34,834	0	0	0	47,769	14,981	35,877	22,638	52,498	21,329	39,889	27,462	39,609		

Average Benefit Amount: \$ 35,996
Total Annual Benefits: \$ 1,907,769

The City Of Los Angeles Fire and Police Pension Systems

Distribution of Pensioners by Plan Year of Retirement And by Attained Age as of June 30, 2000

Total For All Pensioners Receiving Health Subsidy

Attained Age	Retirements in Plan Year Beginning in															Total	Average Amount
	Pre 1986	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999		
Under 40	0	0	0	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	0	0	0
45 - 49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	482	75	62	80	116	56	128	89	26	48	50	37	29	44	18	1,340	365
65 - 69	585	63	37	46	60	14	48	19	10	7	8	1	7	8	5	918	288
70 - 74	785	21	17	15	22	6	13	3	1	0	2	0	1	1	0	887	280
75 - 79	1,080	3	3	1	1	0	0	1	0	1	0	0	0	1	0	1,091	262
80 - 84	598	1	0	0	0	0	2	0	0	0	0	0	0	0	0	601	255
85 - 89	186	0	0	0	0	0	0	0	0	0	0	0	0	0	0	186	256
90 - 94	31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	31	239
Over 95	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	7	185
Total	3,754	163	119	142	199	76	191	112	37	56	60	38	37	54	23	5,061	
Average Subsidy Amount	270	340	362	347	365	381	359	390	340	379	404	406	420	426	392		

Average Monthly Subsidy Amount: \$ 296
 Total Monthly Subsidy: \$ 1,498,441